

**Agrani Bank workshop opens**

A three-week workshop on lending risks analysis was inaugurated by Shah Abdul Hannan, Deputy Governor, Bangladesh Bank and Project Director, FSRP at a local hotel yesterday, says a press release.

Mustafa Aminur Rashid, Managing Director, Agrani Bank, Dr. Peter Amato of USAID, Alan Beauregar, Credit Specialist, and M Omar Choudhury, FSRP Bank Advisor, attended the opening ceremony as the special guests. Financial Sector Reform Project (FSRP) and Agrani Bank have jointly organised the training workshop on a special request of Bangladesh Bank. Twenty two participants from seven private commercial banks and Bangladesh Bank are participating in the workshop.

Dr. Peter Amato of USAID related the importance of the training course in the overall context of poverty alleviation, employment generation and sustainable economic growth of Bangladesh. He mentioned that USAID laid great deal of emphasis on increasing operational efficiency of banks by upgrading the skills of the bank officials. 'Already 4000 bank employees have been trained under FSRP programme. He believe that financing of non-viable projects hinders economic progress. Hence lending risks analysis is so important to assess viability of loan proposals.

**BIBM course on frauds in banks concludes**

A 18-day training course on 'Frauds, forgeries and malpractices in banks and financial institutions,' conducted by Bangladesh Institute of Bank Management (BIBM), concluded yesterday, says a Press release.

The course was designed to impart exposure to the participants with the nature and causes of frauds, forgeries and malpractices in banks and other financial institutions and to develop their knowledge and skills to prevent such incidents.

A H M Nurul Islam Choudhury, Director General, BIBM, presided over the concluding session of the course and gave away certificates to the participants.

A total of 44 participants were drawn from banks, Government Commercial Audit Department and Bangladesh Police Department.

**Utilise foreign aid timely, says Majid**

Agriculture and Irrigation, Water Development and Flood Control Minister M Majid-ul Haq urged the concerned officials and engineers for efficient and timely utilization of external assistance, reports BSS.

He directed them to ensure fairness and transparency with morality in the management and implementation process of different socio-economic development projects.

The minister was inaugurating a seminar on 'Procurement guidelines for aided projects' here yesterday.

Organised by the Ministry of Irrigation, Water Development and Flood Control the inaugural function was addressed by State Minister for Irrigation Mosharef Hossain Shajahan, Irrigation Secretary Mohammad Nazrul Islam, and Additional Secretary S M Afazuddin.

Thirty officers from Ministry of Irrigation and

Water Development Board associated with development planning and implementation of development projects have been participating in this two-day seminar.

Majid-ul Haq said, though we are gradually contributing more and more to the financing of development plans and we hope to provide about 38 per cent of the ADF funds this year from domestic resources, yet dependence on foreign assistance will continue.

He directed the officials to utilise foreign assistance on schedule and to ensure the quality of works.

The delay in procurement process is one of the major causes to overrun the time limit of projects, the minister observed.

He also directed the officials to implement and follow the guidelines and policies with honesty, integrity and proper spirit for procurement of goods under project aid.

**Saifur to open seminar on Bangladesh in Italy**

Finance Minister M Saifur Rahman was invited to open an international seminar on 'Trade and investment prospects in Bangladesh' at Florence, centre of leather and textile industries in Italy in December this year, reports BSS.

Sponsored by the Italian Institute for Asia, the seminar will be participated by the leading Italian entrepreneurs and investors and those from Bangladesh. It will provide an opportunity for direct interactions between them for exploring joint ventures in different sectors like textile, leather and consumers' durables.

The visiting Secretary General of the Italian Institute for Asia Dr Antonio Loche, who called on the Finance Minister at his Secretariat office yesterday extended the invitation to him (Saifur) to inaugurate the seminar.

The Chairman of Board of Investment, Mokammel Huq and the Italian Ambassador in Bangladesh Dr Claudio Baccico were present.

Accepting the invitation, the Finance Minister said that Italy had developed excellence in technology and they could come for investment in textile, leather, power, telecommuni-

cation and consumers' durables sectors.

The Finance Minister recalled closer cooperation between Bangladesh and Italy and said Italy is already a good business partner of Bangladesh.

Earlier, the Secretary General of the Italian Institute for Asia told the minister that with the stabilisation of democracy in Italy, the prospects for new economic ventures in Bangladesh had opened up.

Appreciating the democratic spirits and reform programmes in Bangladesh, Dr Antonio said, 'Your democracy is being appreciated all over the world, particularly in Europe.'

He also recalled the sacrifices made by the people of Bangladesh for democracy in the past years and lauded the achievements made in political and economic sectors during the last three years.

Dr Antonio paid tributes to the Finance Minister for his expertise in financial affairs and political wisdom.

The Italian ambassador said there was a unique opportunity for expansion of investment and trade between the two countries.

**HK warned of 'inflationary time bomb'**

HONG KONG, Aug 14: The Hong Kong General Chamber of Commerce (HKGCC), an influential trade group here, has warned that Hong Kong 'could be sitting on an inflationary time bomb' and urged the government to curb it, reports Xinhua.

HKGCC Chairman William Fung said that changes in the world economy, such as faster growth in most regions, higher commodity prices and rapidly changing rates, could fuel inflation in the territory.

The HKGCC has submitted a paper to Financial Secretary Sir Hamish Macleod, warning him of runaway inflation as a result of the faster growth in the world economy, local media reported today.

Despite the moderation of inflation, Hong Kong's inflation rate was still about four to five percentage points above that of its major markets and rival economies in the region, with the exception of the Chinese mainland, owing to the global decline in inflation, said the chamber.

**Record rice, soyabean output forecast in US**

WASHINGTON, Aug 14: US farmers will harvest record rice and soyabean crops this year, according to forecasts by the US Department of Agriculture (USDA), reports USIS.

Near-record per-hectare rice yields are expected to result in a record harvest of 5.98 million metric tons, USDA said August 11 in its monthly world Agricultural Supply and Demand Estimates. This amount is 21 per cent larger than last year's harvest.

World rice production is forecast at 350.2 million tons, slightly down from the 350.37 million tons harvested last year.

US soyabean production is forecast at a record 62.1 million tons, 26 per cent more than in the previous year. 'Excellent growing conditions' are expected to result in yields of 2.53 tons per hectare, tying the record of two years ago, USDA said.

World soyabean production is high at 127.75 million tons, which has contributed to a fall in prices. The drop is expected to discourage some South American farmers from planting soyabean when the sowing season begins in October.

**BTC exports 170m sticks of cigarette to Russia till June**

Star Report

Bangladesh Tobacco Company (BTC) has exported 170 million cigarette sticks of its new product 'Geans' to Russia till June this year.

In the first year of its sale to the Russian market in 1993, BTC had exported 137 million sticks, according to officials of this multinational company.

'We are expecting to export another 40 million cigarette sticks to Russia very soon,' Golam Mainuddin, Leaf Director of BTC, told The Daily Star.

The Russian market is very big and needs to be seriously tapped, he maintained.

The BTC clocked a sale of 0.76 million dollars till June, 1994 as against 0.63 million dollar in 1993.

'After withdrawal of agricultural subsidy in the European Union (EU) Russia will have to look

for cheap tobacco in countries like Bangladesh and India,' said the Leaf Director.

**Agri exports in Beirut rise**

BEIRUT, Aug 14: Agricultural and industrial exports have risen by 13.2 per cent in Lebanon compared to the first quarter of 1994, the Banque Audi said in a report here yesterday, reports AFP.

Total revenue now stands at 172 million US dollars since the beginning of the year, according to the bank, the only one in Lebanon to produce an economic report.

Agriculture brought in 35 million dollars and industry 73 million dollars in the second quarter of 1994.

The construction of industry made strong progress, expanding by 31.7 per cent.

Bangladesh should not lose this opportunity, he added.

He, however, feels that the government should assist the tobacco product exporters to ensure payments.

Due to the runaway inflation rate in Russia, banks charge high interest rates, between the range of 40 per cent and 400 per cent, on Letter of Credit (LC) which hampers normal exports. In India, tobacco products are being exported under deferred payment system against government guarantees.

'This has helped India get a good chunk of Russian cigarette market,' Mainuddin said, adding Bangladesh government should also negotiate with the Russian government on tariff and payment issues to enhance Bangladesh export to Russia.

**Workshop on 2nd road rehabilitation project opens**

A three-day project launch workshop, preparatory to launching the Second Road Rehabilitation and Maintenance Project (RRMP-II) this year, was inaugurated at an hotel yesterday, reports BSS.

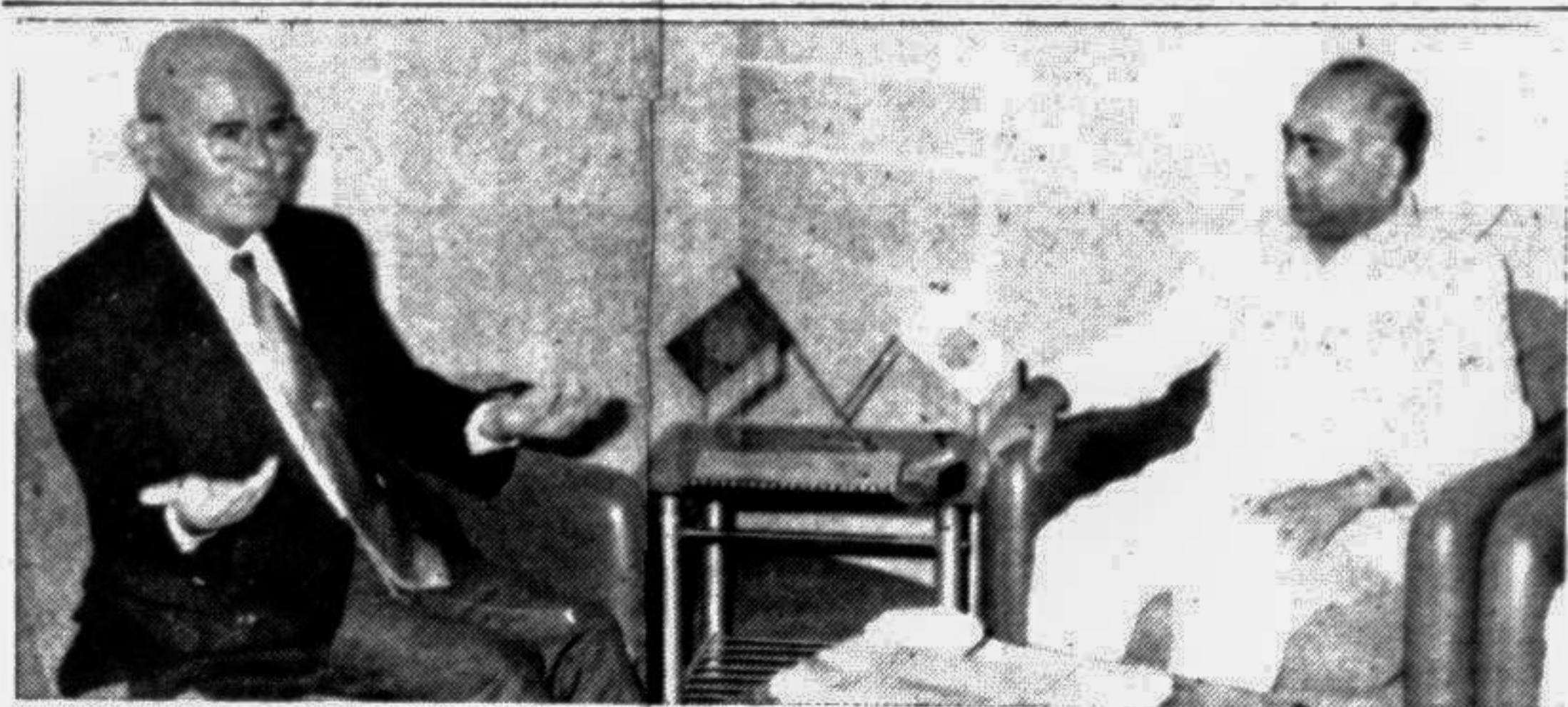
Communications Minister Oli Ahmad inaugurated the workshop saying that the government despite resource constraints and indiscriminate road development compulsions had taken action-oriented measures in many fronts to bring planned discipline in the road sector investment.

He said expansion and improvement of basic infrastructures including transportation was the key component of government's economic development strategy. 'Roads and railways are the most dynamic area of transport development,' he added.

Government's sub-sector strategy outlined in the 4th five-year plan (1991-95) broadly addresses the issues like deferral of new projects pending, completion of ongoing projects, prioritisation of on-going projects to ensure early completion of high priority and economic projects, assigning priority to rehabilitation and improvement of the arterial road system, adequate funding and monitoring of the maintenance programme and assigning responsibility to local bodies to construct and maintain local roads.

Oli Ahmad referred to the surface transport system of Bangladesh which was severely handicapped by topography and climate. 'Although our transport intensity is lower compared to neighbouring countries Bangladesh has witnessed a rapid growth in transport demand since the mid 70s at an average growth rate of 8 per cent per annum for passengers and 6 per cent for freight traffic,' he observed.

The inaugural function was addressed, among others, by World Bank Resident Mission Chief in Bangladesh Saeed Rana, British High Commissioner to Bangladesh Peter Fowler and Chief Engineer of the Roads and Highways Division Shamsul Haque. Member of the planning commission Mushfiqur Rahman was in the chair.



Lyonpo Tashi Tobgyel, Ambassador of Bhutan in Bangladesh, called on Mahbubur Rahman, President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday at the chamber office.

**Multinationals flock to China**

BEIJING, Aug 14: More than 50 of world's 500 biggest multinationals are now operating in China, indicating rising quality of foreign-funded ventures, reports AFP.

The multinationals have invested a total of more than four billion dollars in 26 fields, the China Daily quoted a state administrative official as saying.

It said US, European and Japanese giants were being joined by the biggest companies of emerging industrial powers like South Korea and Singapore as the profile of

China ventures shifted from the small export-processing ventures — dominant in the 1980s — to high-tech, big money projects.

The average investment by foreign firms in China has jumped from below 900,000 dollars before 1991 to about 1.35 million dollars at the end of last year, the report said.

Adding that half of all the money directed at the country since early 1993 had come from 'large international companies'. Chinese authorities have recently been at pains to stress that a slowdown in pledged foreign investment growth this year does not signal a waning interest in the world's biggest market, but is rather a healthy trend reflecting the improving structure of inputs.

The number of contracts approved from January to June fell 42 per cent, while the value of promised foreign investment dropped 25.3 per cent over the same period last year, official say, but highlight that the average value of impu-

ture hit 1.7 million dollars.

**Commodity markets: Prices of oil, coffee drop, cotton, sugar stable, tin higher**

LONDON, Aug 14: Oil prices dropped during the week, after reaching a 15-month high at the beginning of August, as tension between striking oil workers and the government eased slightly in Nigeria, reports AFP.

Dealers were waiting for the result of a meeting between the military government and the heads of the two key oil unions on Wednesday, the day after the resumption of the trial of opposition leader Moshood Abiola.

Coffee dropped 10 per cent in the first two days of the week on news that the producing regions of Brazil appeared to have escaped being hit by two large frosts at the beginning of last week.

The frosts had initially sparked fears that up to 40 per cent of crops could be lost, but dealers now believe the figures to be alarming.

The prices of the other commodities varied little, as the market remained sunk in a summer haze.

On the London Metal Exchange (LME), aluminium slipped slightly, although dealers believe the six-region international producer accord reached in February is beginning to bit into stocks.

Fears of inflationary pressures and subsequent rises in US and European interest rates shook the financial markets Thursday, but had no impact on gold, which remained below 380 dollars per ounce all week.

**GOLD:** Stable. Gold fell 85 cents during the week to close on Thursday at 377.20 dollars per ounce.

The World Gold Council said demand from developing countries stabilised at slightly below 350 tonnes in the second quarter of 1994, similar to the first quarter. In the industrial countries, demand soared 15 per cent to 192 tonnes.

**SILVER:** Lower. Prices slowly eroded to around 5.17 dollars per ounce on Thursday, from 5.23 the previous Friday, in flat trading with slack industrial demand and rising New York stocks.

announced that sales of silver could reach 1,000 tonnes this year, around eight per cent of world production.

**PLATINUM:** Stable. Platinum was trading at 409.75 dollars per ounce on Thursday, around 10 cents below the previous Friday.

Industrial demand, particularly for catalytic converters in the car industry, eased after recent high prices. Elsewhere, Russian producers took advantage of the record prices to push more platinum onto the market.

In general, UBS believes the recent speculative wave will abate and the market will fall in the medium term, although increased demand from the world economic recovery will prevent the majority of prices falling.

UBS predicted that in a year's time, gold would be trading at 350 dollars per ounce, silver at 4.50 dollars per ounce, and platinum at 380 dollars per ounce.

**COPPER:** Higher. Copper rose 14 dollars during the week to around 2,418 dollars per tonne.

Dealers said demand remained firm, although the metal was due for a correction 'in the short term', and demand and supply levels were expected to remain closely in balance over the next two to three years.

Elsewhere, US statistics appeared to vindicate some analysts' claims that part of recent strong demand in the US market was due to stock building at all stages of the supply chain.

The Copper and Brass Servicecenter Association reported shipments for the first six months of 1994 were 22.5 per cent ahead of the same period last year, reaching a total of 106,123 tonnes.

Shipments of copper sheet were up 26.3 per cent to 17,770 tonnes.

Also, representatives of the London Metal Exchange (LME) confirmed they would give full assistance to enquiries into trading losses suffered in 1993 by Codelco, Chile's largest copper producer, which came

to light in early 94.

Codelco, which exports over a million tonnes of copper each year, lost over 200 million dollars in the last quarter of 1993 after unauthorised speculation on the copper futures market by a senior member.

LME stocks rose 5,925 tonnes to 346,475.

**LEAD:** Falling. Lead dropped around 19 dollars during the week to 578 dollars per tonne.

Angus Macmillan from Billiton-Enthoven metals said that while the metal's fundamentals remain positive, the LME Stock picture was very disappointing.

He said small decreases in lead stocks in most warehouse locations had been offset by metal flowing into Helsingborg in Sweden.

This is widely received to reflect metal sourced from lead-tolling contracts with smelters in Russia, he added.

'Although this sort of deal is unsustainable given the general tightness in the concentrates market, the record in the lead market is taking longer than a lot of people thought,' he said.

Stocks on the LME lifted 4,650 tonnes to a record 365,425.

**ZINC:** Marginally higher. The metal rose around nine dollars to 969 dollars per tonne during the week.

A blast at the Kenpeng lead-zinc Mine in China last week claimed 74 lives and injured a further 230 people, metal bulletin reported Thursday.

The explosion, thought to have been caused by eight tonnes of dynamite which exploded in a warehouse, killed ten and injured 500 workers.

The mine is a rural enterprise in the northern Huanjing country of Qunagxi province, and has been operating for less than three years.

Official statistics show China has 14 principal lead-zinc mines producing around 184,000 tonnes per year of lead and 367,000 tonnes per year of zinc, but details about the numerous smaller local run

mines are unavailable, so it is difficult to gauge whether the metal is reacting, analysts said.

LME stocks rose 8,700 tonnes to a record 1,224,400.

**COFFEE:** Sharply lower. Prices dropped around 10 per cent in the first two days of the week, after large-scale selling on news that estimates of damage caused by two major Brazilian frosts last week were exaggerated.

After lifting slightly, coffee closed on Thursday at 3,208 dollars per tonne, a drop of 342 dollars compared to the previous Friday.

The Brazilian government recently estimated that the 1995-1006 harvest would be reduced by 40 per cent because of the frost, but dealers E.D and F. Man predicted a reduction of between only 18 and 23 per cent.

**COCOA:** Calm. Prices initially dropped around 20 pounds before lifting to end the week unchanged at 1,055 pounds per tonne.

Dealers at, GNI said the market remained nervous ahead of the results of the West African harvest.

'During the last five years, the figures have shown variations of 80,000 tonnes, which could make the difference between a substantial or a minor deficit,' they said.

Elsewhere, the return of 'moderate' rains to the main producing regions of the Ivory Coast since the beginning of the month, helped prices, according to sources in Abidjan.

In Ghana, an official from COCOBOD, the main cocoa marketing body, said the harvest could be cut by 15 per cent to 230,000 tonnes due to a lack of rain. Ghana is the world's third largest exporter.

**ALUMINIUM:** Dipping. The metal dropped around five dollars on the week to 1,485.5 dollars per tonne.

Dealers said the international agreement between the six big aluminium producing areas was now having an increasing impact on the metal's huge surplus.

Since the agreement in February, producer stocks have fallen by 141,000 tonnes or

6.6 per cent.

Nick Moore, analyst at ORD Minnett said: 'The memorandum of understanding clearly is working. But the industry still has a big task ahead.'

Stocks are still equivalent to 16 weeks of consumption and need to be six and half weeks before producers can relax, he said.

Elsewhere, officials said union workers at Australia's Tomago Aluminium Smelter are set to protest with a six-day strike from Friday after last ditch talks broke down.

**NICKEL:** Falling. Nickel dropped around 300 dollars to 5,865 dollars per tonne, as dealers feared the arrival on the market of larger Russian shipments from stockpiled metal.

Dealers said that although the self-off appeared technically driven, it also reflected the recent increase in LME warehouse stocks.

Noting that Russian exports were only around 35,000 tonnes in the first six months of 1994, Angus Macmillan from Billiton, Enthoven Metals said he still expected them to total 115,000 tonnes for the year.

LME stocks rose 1,986 tonnes to 136,128.

**TIN:** Higher. The metal rose around 150 dollars to 5,260 dollars per tonne.

Dealers said the metal was continuing to react to news that China will tighten controls on exports by imposing an annual quota.

It was also buoyed by figures showing Malaysian production had dropped 47 per cent in the first five months of this year compared to the same period a year earlier.

Stocks on the LME rose 155 tonnes to a record 31,165 tonnes.

**SUGAR:** Stable. Prices fluctuated around the 315 dollars per tonne level, buoyed by rumours that China was buying sugar from Australia and Thailand.

In London, the International Sugar Organisation (ISO) said that official Chinese sources had indicated sugar harvests were down 17 per

cent down in the last five months of 1994 compared to the same period a year earlier.

In 1993, the harvest was already 10 per cent lower than the previous year. 'We expect that Chinese imports in 1994 will be larger than the 463,000 tonnes bought in 1993,' the ISO said.

Elsewhere, dealers were watching the situation in Cuba after unrest in Havana at the weekend.

The sugar harvest, which is the country's main source of revenue, fell to four million tonnes, its lowest level for 30 years, official Cuban figures showed.

GNI said that the sugar harvest in Byelorussia was expected to drop by 30 to 40 percent this year, 'confirming the general view that eastern Europe could have serious problems.'

**VEGETABLES OILS:** Firm. Prices remained stable or rose on the Rotterdam market.

Soya was not affected by a report from the US Department of Agriculture (USDA) which predicted a US harvest of 62.12 million tonnes of Soya grain in 1994-1995 compared with 58.65 million tonnes previously predicted and 62.12 million tonnes last year.

Palm oil was lifted by reports that Indonesia was about to suspend exportations to stop soaring prices in the domestic market.

The Hamburg-based review, oil world, said Malaysian stocks of Palm oil rose to between 470,000 and 500,000 tonnes on August 1 compared with 470,000 tonnes on July 1 and 685,000 tonnes a year earlier.

According to the Asian and Pacific Coconut Community (APCC) deliveries of coconut oil from the Philippines and Indonesia should rise this year, although remains below the average. Last year, production was affected by bad weather.

**OIL:** Lower. Prices dropped, falling after highs of 19 dollars a barrel last week, after the tense situation in Nigeria appeared to ease slightly.

The military government in Lagos and the heads of the two

key oil unions agreed to talk next Wednesday, the day after trial of Moshood Abiola, the leader of the opposition, is due to resume in Abuja.

Although an agreement appears distant, the news soothed oil prices and Brent fell to around 17.50 dollars at the end of the week.

The National Union of Petroleum and Natural Gas Workers (NUPENG) and its sister senior staff association, Pengassan, began their strike on July 4 to pressure the military government to resign.

The strike led Shell to suspend exports of medium crude oil from the Bonny terminal on Monday. The company, which produces half Nigeria's oil, has seen exports drop by a third since the protest began.

There is now a shortage of petrol in the capital, Lagos, after the two largest refineries in the country closed.

The Middle East Economic Survey (MEES) said OPEC production in July dropped by 330,000 barrels per day to 24.69 million, thanks to a cut of 150,000 barrels per day in Nigeria and over 200,000 in

Elsewhere, official sources in Turkey said Iraq and Turkey had finally agreed to clear the Iraqi-Turkish oil pipeline which has been shut since August 1990.

The pipeline held over 12 million barrels of oil when it was closed after in August 1990 when an international embargo was fixed against Iraq after the invasion of Kuwait.

**RUBBER:** Firm. Prices remained around 860 pounds per tonne.

In Kuala Lumpur, the International Natural Rubber Organisation (INRO) estimated that recent speculative buying had pushed prices up to 'unrealistic' levels, particularly in Tokyo, adding they now had few stocks left to sell.

The INRO had sold over half its stocks since July 8 in an attempt to limit soaring prices.

A London dealer predicted that the situation would become 'slightly precarious' as producers 'become nervous at the idea of prices falling.'

Kenya production is expected to drop 180,000 tonnes this year, compared with a record 211,000 tonnes in 1993, according to farmers quoted in the public ledger.