

Commerce Minister alleges

Traders capitalising on import embargo on Indian food items

Commerce Minister M Shamsul Islam yesterday admitted that some traders had manipulated the market raising the prices of essentials capitalising on the import embargo on Indian food items, reports UNB.

Some traders took the advantage when the government decided to put embargo on Indian food items. It was a preventive measure against plague, but it created impact on the market, Islam said.

The Commerce Minister was talking to different wholesaler groups and businessmen in his ministry's conference room on the price hike following the import embargo, put on September 29 in view of the spread of plague in the neighbouring country.

The businessmen, all representatives of different trade as-

sociations, also admitted that a section of traders began to stock up essentials, particularly onion, as soon as they heard about the import restriction.

"Yes, this is fact that there was a shortage of onion supply," said Haji Shahabuddin, Secretary of the Shyambazar Krishipanya Banik Samity, an old-Dhaka-based farm product traders association.

But, he said, the price has already come down and the situation is fully under control as supplies of onion in the city markets were boosted from the godowns of traders.

A programme officer of the Consumers' Association of Bangladesh (CAB), Abu Hossain Malek, pointed out that the prices of some food items, which the country does not

import from India, had also gone up following the embargo.

He identified the items as Aerosol, biscuit, edible oil and powdered milk. Prices of sugar, egg and rice also rose in the retail markets, the CAB official added.

The Commerce Minister expressed his dismay in telling the meeting that there is no effective mechanism for price control in the government's hand as it is pursuing market economy in the country.

Islam, however, disclosed that the government was thinking about importing refined soyabean oil through Trading Corporation of Bangladesh (TCB) to stabilise the price of the widely used edible oil.

On Consumer protection, the minister hoped that the

proposed Consumers' Protection Act, now on the anvil, would protect and safeguard the interest of the consumers.

Commerce Secretary AH Mofazzal Karim said the ministry often arranged talks with the business and trade groups when prices shot up to find out and resolve their problems.

"But these dialogues are not producing the desired results," he said, adding that the consumers and the buyers became helpless.

Among others, Jalaluddin Pathan of Rice Merchants Association, Haji Abdul Rahim of Shyambazar Krishipanya Banik Samity, AKMS Doha of Bangladesh, A Gafur of Bus Truck Owners Association and concerned officials of the commerce ministry were present in the meeting.

China to seek US approval again for its re-entry into GATT

BEIJING, Oct 9: China is to renew its request to the United States to approve its re-entry into GATT as soon as possible, when US Deputy Trade Representative Charlene Barshefsky visits Beijing this week, a Chinese official said, reports AFP.

The latest series of Sino-American trade talks, which start Monday, will also address the GATT-linked questions of intellectual property and access to the Chinese market, added Ou Huarong, advisor to the Ministry of Foreign Trade.

"We hope the United States would adopt a practical and constructive stance to ensure that negotiations before the end of this year on China's GATT access make positive progress," Ou told the China Daily.

"China's early re-entry to GATT benefits the US and other contracting members," he added.

A founding member of GATT (General Agreement on Tariffs and Trade), China left the organisation after the formation of the communist government in 1949, and asked for readmission in 1986.

Beijing wants to re-enter GATT this year in order to form part of the new World Trade Organisation from its inception January 1995.

Saying that his country had already extensively liberalised its economy in line with GATT regulations, Ou underlined, however, that reforms in China could only be carried out gradually so as not to compromise social stability.

Kuwait prepares emergency plan to maintain oil production

KUWAIT, Oct 9: Kuwait's oil minister said the emirate had prepared an emergency plan to protect its oil installations and to maintain its oil production, the official Kuwait news agency (KUNA) reported on Saturday, says Reuter.

The Oil Minister, Abdulmohsen Al-Mudej, said the plan includes all precautionary measures necessary to protect the petroleum installations and to guarantee the continuity of their operation and the flow of their production in a normal manner.

The plan could be put into action whenever Kuwait needed, the minister was quoted as saying.

The measures were normal and should not be regarded as "reasons for excitement and panic," said Mudej.

Iraqi troops torched most of about 700 oil wells in the emirate in February 1991 as they fled the advance of a US-led coalition that ended a seven-month Iraqi occupation.

Redwan Ahmed's election pledge
FBCCI to be made eligible to play pivotal role in policy-making

By Staff Correspondent

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has failed to play its due role as the country's top business organisation, observed Redwan Ahmed, MP.

A leading businessman involved in the readymade garment sector, Ahmed is one of nine candidates contesting for the coveted post of FBCCI president in the coming polls scheduled for October 17. He is also the current president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"The federation has also failed to protect the interest of its member trade associations, because traditionally the FBCCI has been dominated by the people representing the chambers," Ahmed charged.

The FBCCI represents 55 chambers and another 132 trade associations around the country.

Morover, he said, the FBCCI is yet to adapt to the rapid changes towards the free market economy and the increasing liberalisation of the global marketplace. "It is absolutely essential that the federation plays its due role as an apex body representing trade and industry if we are to win this new challenge of the twenty first century."

Ahmed identified the failure to develop adequate policy initiatives and the lack of investment as the primary impediments to the country's economic growth. The FBCCI, he said, should be used as a "parliament" of business representatives to develop and recommend policy initiatives to the government.

Emphasising the need for a continuous dialogue with the government - policy-makers, Ahmed pledged to make FBCCI play a pivotal role in recommending policies relating to industry and commerce.

"If I am elected president

of the Federation, I will set up sector-wise committees and try to ensure that the recommendations of these committees are reflected in the government policies."

Ahmed, who is the only candidate directly involved in national politics and is a member of parliament from the ruling BNP, also pledged to initiate a dialogue with all political parties to ensure a favourable business climate in the country.



Redwan Ahmed MP

"On behalf of the business community, we will appeal to the political parties to help develop a healthy trade and investment environment."

Noting that surplus investible funds are remaining shy because of the 'negative' government regulations, he said that he would work towards convincing the government to take adequate steps to encourage the investment of this 'shy investible surplus.'

He would also recommend reforming the existing tax structure and for making the VAT assessment more realistic, he said. Although he supports greater liberalisation and deregulation in principle, Ahmed pledged to seek tariff protection for the local industries.

Referring to the shortfall in the country's power generation capacity, he also proposed to allow duty free import of generators and the supply of diesel and gas at the same sub-

sidised rate given to the PDB. He also proposed to strengthen the Federation's secretariat and to formulate a "business rehabilitation policy" to revive the sick industries.

To make the trade associations more representative and strong, he suggested making membership of trade bodies compulsory. He urged the government to declare the presidents and general secretaries of all trade associations as commercially important persons (CIP).

Ahmed also proposed to set up a regional office of FBCCI in the port city of Chittagong.

Born in Chandina thana of Comilla district on January 7, 1952, Ahmed took his master's degree in Law from Dhaka University and later worked as a Supreme Court Advocate. He was also elected to the parliament in 1979 and 1986.

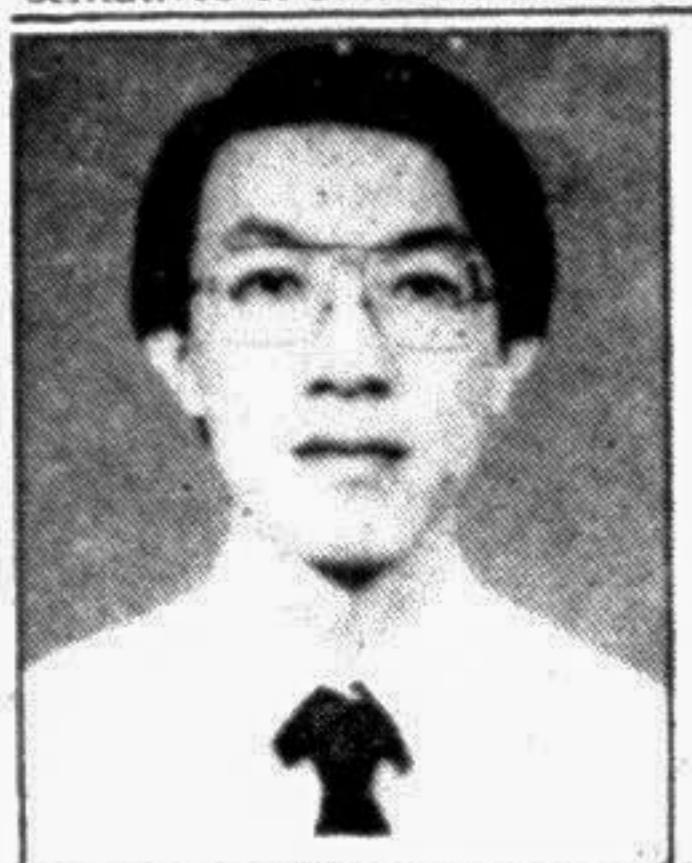
He is currently a member of the national export development council chaired by the Prime Minister and also a member of the task force for promoting exports set up by the Commerce Minister.

Ahmed has also set up a number of schools in his constituency and is involved in a number of socio-cultural organisations.

Married with a son and two daughters, Redwan Ahmed is the Managing Director of Saleha Garments, R Z Knit Fashions, Rolly Apparels and Ahmed Fishing Limited.

With his involvement in various trade organisations for over a decade and his political background, Ahmed feels that he is capable of leading the FBCCI to face the new challenges ahead.

"I believe I can achieve the objectives outlined earlier in the interview and as a member of parliament I can also act as a bridge between the business people and the politicians."

New SIA GM
Bangladesh takes over

Tan Chong Beng has taken over as General Manager, Singapore Airlines in Bangladesh, says a press release.

He took up the assignment on October 1.

Prior to coming here, he was based in Johannesburg as General Manager, Central and Southern Africa.

Specialised in sales and marketing, during 12 of his 16 years with SIA, he was posted to manage the airlines foreign stations which include Indonesia, India, Denmark and UK.

Tan is a Bachelor of Science in Chemical Engineering (Honours) from the University of Singapore.

Share prices
recover in
Bombay

BOMBAY, Oct 9: Share prices recovered on the Bombay Stock Exchange during the week as the plague panic across the country died down, reports AFP.



Commerce Minister M Shamsul Islam seen talking to different wholesaler groups and journalists in his ministry's conference room yesterday. — Star photo

SCB to introduce new products

By Sharier Khan

The Standard Chartered Bank (SCB) will introduce a number of new products to meet the requirements of its expanding corporate clients for hedging currency, interest rate and commodity price risk subject to the approval of the regulating authorities.

These new products will minimise the risk of the customers in the foreign exchange business, said Claude Lobo, the Regional Head of Treasury of Middle-East and South Asia zone of SCB in an interview with The Daily Star recently.

Lobo, who came to Dhaka on a short visit from his headquarters in Dubai last week, said that the new products were currency options forward rate agreement, interest rate swaps and options and commodity swaps and options.

Customers here are not getting what they get in the west. Customer services should

be given more emphasis and the SCB just wants to do that, the Indian born banker said.



Claude Lobo

Noting that the treasury of the SCB was number one in the banking sector of Bangladesh he said, "Bangladesh is an emerging market. Bangladesh Bank has adopted a very progressive stance towards

market deregulation and it is pleasing to see the progress that has been made in this direction."

Lobo, who is heading SCB treasuries of eight countries including Oman, Qatar, UAE, Bahrain, India, Pakistan, Sri Lanka and Bangladesh, observed that the banking sector of Bangladesh had improved significantly over the last 18 months and it was now only a matter of time that the BB would be able to make Taka fully convertible.

Focussing on the profile of SCB, which has undergone a dramatic change with the establishment of the Middle-East and South Asia Regional office in Dubai in January 1993, Claude Lobo said that the 150 year-old bank was a success story in developing countries as it utilised local banking intelligence and promoted exotic currencies in international dealings.

Commodity markets: Precious metals slip slightly, aluminium soars, tea stable

LONDON, Oct 9: Aluminium soared during the week, rising to its highest level for almost four years as the metal appeared, almost daily, to show improved prospects, reports AFP.

Demand, which is already strong in Europe, continued to swell in the United States (US), while a series of "rolling strikes" at the Tomango Aluminium Smelter in Australia also boosted prices.

Copper was also higher during the week, lifting on strong US demand and news that a strike at southern Peru had cut production.

At the end of a quiet week, petrol prices jumped higher to above 17 dollars a barrel on Friday morning as rumours of Iraqi troop movements near the Kuwaiti border hit the market.

Rubber continued to sail higher on Japanese speculative buying. Coffee, cocoa and the vegetable oils declined, while sugar and grains were firm.

The precious metals slipped slightly after their high levels the previous week.

GOLD: Weaker. Gold dropped to around 392 dollars per ounce on Thursday as dealers were disappointed the metal had failed to break through the 400 dollars per ounce mark on speculation last week.

However, the falls on several European stock exchanges — worried by the prospect of US interest rate rises — failed to stimulate gold, which generally declined on the financial markets.

One analyst said it was hardly surprising the metal failed to reach 400 dollars an ounce as Asian jewellers, who constitute one of the world's

largest markets, are particularly sensitive to price rises and stop buying if the metal becomes too expensive.

SILVER: Declining. Silver slumped 10 cents lower on Monday to 5.52 dollars per ounce, after large-scale selling on Asian markets.

Silver also dipped in the wake of gold, but then lifted later in the week to around 5.6 dollars per ounce.

PLATINUM: Firm. After a slight fall at the beginning of the week, platinum regained its recent high levels at around 420 dollars per tonne, rising on the strength of the yen against the dollar, dealers said.

The Japanese market, a large purchaser of platinum, took advantage of the greenbacks weakness to effect large-scale purchases of the metal, which is traded in dollars.

COPPER: Higher. Copper rose around 50 dollars during the week to close at 2,536 dollars per tonne on strong US demand and news that a strike at southern Peru had cut production.

A US official said demand for copper, which drew nine per cent during the first three quarters of 1994, is very strong and is likely to continue into the next year.

Elsewhere, Southern Peru Corp's ILO Copper Smelter has been operating at 30 to 40 per cent of capacity due to strike action over collective bargaining agreements, which entered its fifth day on Friday.

Southern Peru, majority owned by the US-based Asarco Inc, is Peru's largest copper producer and generates about 15 per cent of Peru's export earnings.

Mining sources said how-

ever in ILO and its two mines, Toquepala and Cuzajone, were operating normally and that one: third of workers at the Smelter had ignored the strike call.

LEAD: Lifting. Lead rose a muted 10 dollars to 645 dollars per tonne during the week as the metal generally followed the complex higher. It was basically ignored by dealers as strikers in Peru and Australia absorbed their interest.

Stocks on the LME dipped 3,025 tonnes to 388,750.

ZINC: Rising. Zinc lifted around 40 dollars during the week to 1,071 dollars per tonne — a closing high since May 1993.

The metal reacted little to news that the strike at Peruvian producer Centromin had ended after only a week and that production would begin again soon.

The mine turned out 138,450 tonnes of zinc in the first half of this year.

Stocks on the LME dipped 3,700 tonnes to 1,237,250.

ALUMINIUM: Soaring. The metal soared 29 dollars during the week to 1,647 dollars per tonne — its highest closing point since November 1990, after rising on encouraging prospects and strike action.

On Thursday, the owners of the Tomango Aluminium Smelter in Australia declared force majeure (suspended) an unspecified number of October export shipments after a series of rolling strikes hit the 346,000-tonne Smelter.

Labour unions have authorized a series of brief work stoppages, or "rolling strikes," as they attempt to win wage concessions from Tomago's management in the dispute

over wages.

A 24-day strike at the plant in August led management to threaten to close it.

Weekly stocks on the LME fell a massive 46,300 tonnes to 2,278,000.

NICKEL: Jumps. Nickel jumped 240 dollars during the week to 6,710 dollars per tonne on the back of aluminium and on encouraging prospects for the metal.

Dealers at GNI predicted the nickel market will experience a deficit of 19,900 tonnes this year, rising to 35,000 tonnes in 1995.

"While these figures are bullish, they will still leave LME stocks at a massive 100,000 tonnes at the end of 1995, which will certainly be enough to absorb the 1996 deficit and probably 1997's as well," GNI added.

Nickel is used mostly in steel production and is the first of the base metals to benefit from the early stages of world economic recovery. It is therefore used as an indicator of economic growth patterns.

Demand in the US steel-framed housing market is thought to have grown from 1,000 tonnes in 1991 to 190,000 tonnes in 1993, with 500,000 tonnes predicted for 1994, the USX-US Steel Group said.

Nickel stocks rose 1,920 tonnes to a record 146,352 tonnes.

TIN: Higher. Tin rose steadily during the week in the wake of the rest of the complex, lifting 85 dollars to around 5,485 dollars per tonne.

Weekly stocks on the LME were down 45 tonnes to 32,185.

COCOA: Slump. Cocoa slumped during the week to 979 rounds per tonne — its lowest level for three months — on lack of demand by chocolate producers and speculators.

Dealers said the market was suffering from a lack of news and was stalled ahead of the arrival of the first deliveries of the Ivory Coast harvest in the ports. One London dealer said a small quantity had already arrived, but that it was not enough to move the market.

The economist intelligence unit said prices would rise steadily in the last quarter of 1994, despite stagnant consumption levels and a lower than expected deficit in the market.

COFFEE: Ebbing. Light rain on coffee plantations in Brazil, the first for some months, caused prices to drop to around 3,800 dollars per tonne, the lowest level since the end of August.

The rains in Brazil were light and somewhat irregular. "The market believes that rain is likely, and the (much-needed) flowering of the coffee plants will carry on as normal," said one dealer.

Without large-scale rainfall, few flowers (which subsequently appear from the coffee buds) will appear and the 1995-1996 harvest (May to April) will be weaker than usual. The market was particularly nervous as the flowering season ends this month.

SUGAR: Firm. The price of white sugar remained firm at a high level, fluctuating between 328 and 330 dollars per tonne on speculation in the US market.

Specialists said the high level of prices was discouraging Chinese imports, while

buying for the rest of the year is expected to remain sporadic.

VEGETABLE OILS: Decline. The price of vegetable oils on the Rotterdam market fell during the week, particularly soya

oil which was suffering from a large US harvest.

Likewise, palm oil dipped from its high levels peached recently. The review oil world also predicted a drop in Chinese buying, normally large scale, after November, as stocks appeared plentiful.

The Economist Intelligence Unit (EIU) had previously predicted that the price of vegetable oils would fall in autumn when harvests from the northern hemisphere arrive on the market and the production of palm oil increases in Malaysia and Indonesia.

OIL: Stable. After slipping briefly above 17 dollars a barrel at the beginning of the week, the price of Brent crude North Sea oil then fell to a round 16.8 dollars a barrel, but lifted again later.

A strike by workers at state-owned Brazilian company Petrobras, which ended on Thursday, had little influence on prices as Brazilian petrol production is negligible when compared to world supplies.

A rise in US petrol and crude stocks caused prices to dip slightly midweek, but they then rose on Friday on rumours that Iraqi troops were heading towards the Kuwaiti border.

Elsewhere, Iran completed the reconstruction of the Kharg Terminal, which was damaged by the Iraq-Iran war. It has the capacity to process around seven million barrels a

day.

Experts believed, however, the country would find it difficult to exceed its OPEC production quota of 3.6 million barrels a day as it suffers from a lack of skilled personnel, investment and spare parts.

RUBBER: Higher. Prices rose to around 940 pounds per tonne on speculative buying by the Japanese, and dealers indicated prices were likely to remain firm in the coming weeks.

The economist intelligence unit estimated, however, that prices will remain strong for months although they will eventually dip as the production deficit is compensated for by an increase in synthetic rubber.

GRAINS: Irregular. The price of wheat rose to 105 pounds per tonne during the week, reacting to a slightly weaker pound and delays in delivery of wheat to ports.

EC proposals for a reduction in "set-aside requirements" for cereal crops in 1995-1996 had little effect on prices, dealers said.

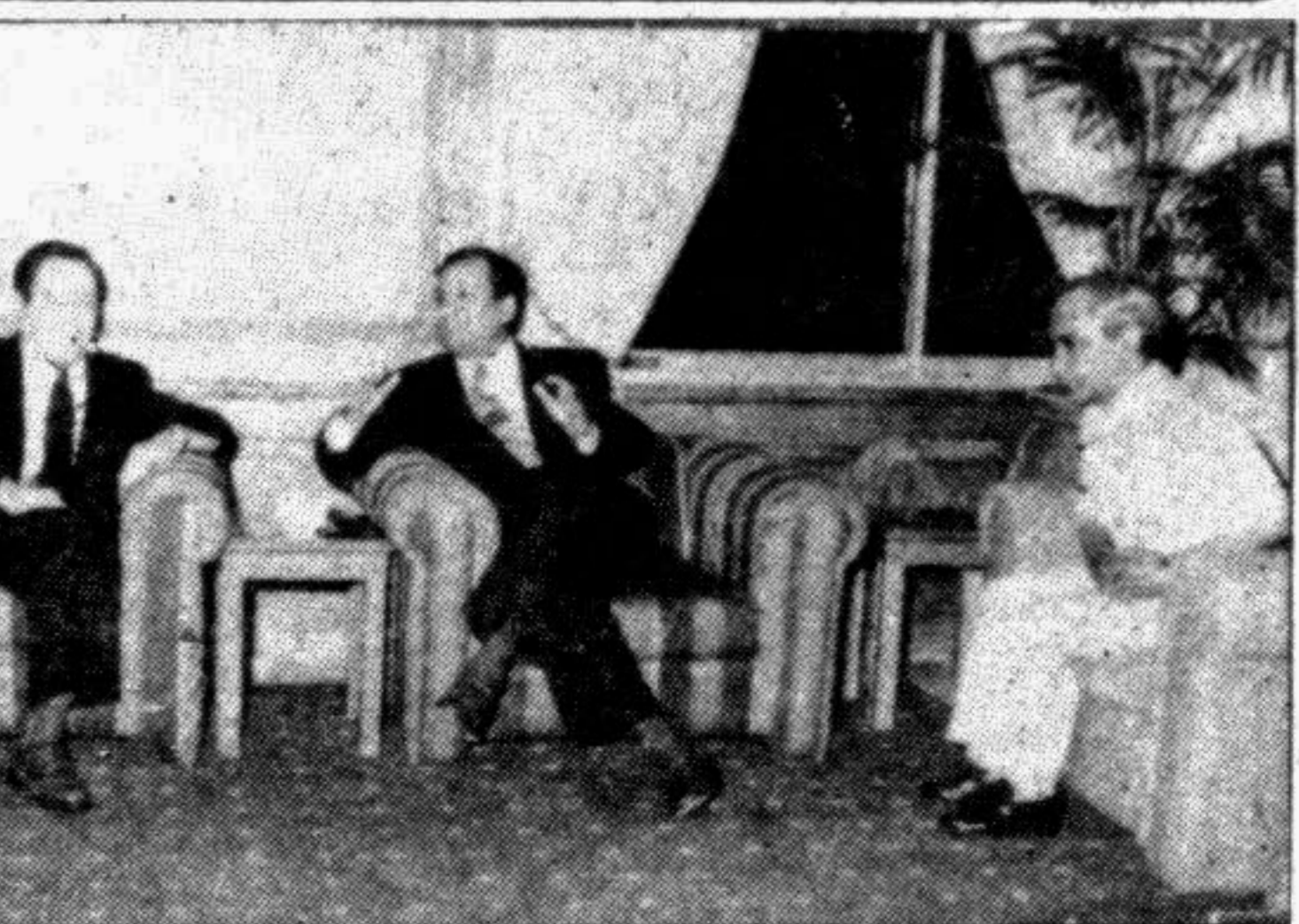
A predicted rise in European production was also ignored by the market, pre-occupied by the actual drop in world production.

The Australian harvest, hit by drought, is not expected to exceed 9.5 million tonnes this year from 17.5 million the previous year.

In addition, the Argentinian harvest appears smaller than expected. GNI said Australia would have to buy some 300,000 tonnes of US wheat to honour export contracts.

The market is also predicting Chinese and Russian buying in the coming months.

TEA: Stable. The price of tea at the weekly auction re-



Chairman of Janata Bank Mir Md Nasiruddin and Managing Director Md Jalilur Rahman Chowdhury called on visiting Deputy Minister for Civil Engineering, Housing and Urban Development of Kazakhstan Duisem B Umir Allovitch at a hotel in the city recently.

mained generally stable. Medium quality tea, however, dropped three pence to 117 pence per kilo from the previous week on poor demand.

Top quality Assam teas from India remained at around 210 pence per kilo, while low quality tea rose slightly to 88 pence.

The economist intelligence unit estimated that the market would remain weak until mid 1995 on large harvests in India and Sri Lanka and continued poor demand in Russia.

COTTON: Declining. The price indicator dipped to around 0.73 dollars per pound at the end of the week after a record harvest in the United States, one of the world's leading exporters.

The US Department of Agriculture (USDA) predicted the harvest would reach 19 million bales (each of 217.7 kilos), making the harvest the largest for 60 years.

World production should rise from 77 million bales in the 1993-1994 season (August to July) to 88 million bales in 1994-1995, the International Cotton Advisory Committee said. Consumption, although strong, is expected to remain below production.

WOOL: Pause. The Bradford reference price dipped 25 pence to 4.38 pounds per kilo, after a technical correction on the Australian market after large rises in recent months.

The rise in prices ended up discouraging some buyers, but prices are expected to rise again in the coming weeks.

Dealers are hoping the high prices will not discourage Chinese buyers, who import large quantities of Australian wool.