

DHAKA MONDAY, NOVEMBER 14, 1994

\$25m Sonali Bank-CIS export credit line

In view of export trade expansion with three CIS member states namely Russia, Kazakhstan and Ukraine under 25 million US dollar credit line, Sonali Bank has been allotted 15 million US dollars, says a press release.

The rest amount has been equally distributed between two other nationalised commercial banks of the country.

Bangladesh products such as readymade garments, plastic products, table wear, tea, travelling bag, stationery articles and melamine crockeries will be exported to the CIS on condition of payment within 360 days.

Meanwhile, Sonali Bank signed inter-bank export deals with SBER Bank and Toku Bank of Russia and Turan Bank of Kazakhstan for six million, four million and five million US dollars respectively.

Readymade garments worth Tk 36 lakh and 22 thousand have already been shipped towards Russia and Kazakhstan through Sonali Bank under the interbank deal with the banks of these three CIS member states. And that was the first ever shipment under the export credit line with the CIS.

The bank authority expects that it will reach its export target promptly and within the time limit.

Govt chiefs start reaching Jakarta for APEC summit

JAKARTA, Nov 13: Government chiefs began arriving here today for an Asia-Pacific summit threatened by a rift over a trade accord and violence in Indonesian-occupied East Timor that claimed at least three lives.

There is no agreement on trade. The ministers have given up, an Asian diplomat told AFP. He said Malaysia had refused at ministerial-level talks to sanction present dates for tariff cuts that experts want completed by 2020.

While agreement to slash tariffs would mark a milestone for countries on the Pacific rim and a personal triumph for 73-year-old President Suharto, the bloodshed in East Timor — just hours before the arrival of US President Bill Clinton — was set to cloud any success.

As diplomatic lobbying for a trade accord intensified, a group of students seeking independence for East Timor, which Jakarta annexed in 1976, moved into the US embassy compound on Saturday and were insisting on meeting Clinton.

In a statement issued Saturday after two days of talks, trade and foreign ministers from the Asia-Pacific Economic Cooperation (APEC) forum said two reports recommending tariff reductions would be taken up by their leaders meeting at nearby Bogor on Tuesday.

Britain pledges Tk 60cr for improving financial system

Britain will provide Tk 60 crore under a new grant agreement to help improve the financial and budgeting systems of the Bangladesh government, reports UNB.

The amount, equivalent to 9.8 million pound sterling, will be given for phase II of the Budgeting and Expenditure Control Project (BCEP-II) of Bangladesh.

Tony Baldry, the British Foreign Office Minister, now visiting Bangladesh as head of the Southern Asia Advisory Group Trade Mission of Britain, initiated the agreement during a meeting with Finance Minister M Saifur Rahman yesterday.

BCEP-II will help introduce improved budgetary classification and budgetary documentation, more effective manual accounting and financial management, and computerised accounting in the Ministry of Finance, the Controller and Auditor General's office and 21 other offices providing accounting services for 35 ministries.

The project, aiming at increasing efficiency and accountability of the government's financial system, will provide the basis for future introduction of computerised accounting systems.

During the meeting, the two ministers discussed the British government's bilateral assistance programme, funded by the Overseas Development Administration (ODA).

Bangladesh is the second largest recipient of British bilateral aid, receiving about 55 million pound (Tk 300 crore) from all sources in 1993.

Since the country's independence, Britain has provided more than 700 million pound (Tk 6,200 crore) in aid, all on grant terms.

Baldry noted that the British government had recently approved new aid of nearly 20 million pound sterling (over Tk 120 crore) for bridge projects in Bangladesh.

The British High Commission in Dhaka has also confirmed a grant of one million pound for drought relief in northwest Bangladesh.

Baldry commended the work of Proshika, an NGO whose integrated development activities and training centre he had visited Saturday.

"Helping the poor to invest in their own future — through education and income generation — was a key factor in poverty alleviation," he remarked.

Export-oriented industries may get priority

BSS says: Britain showed its willingness to invest in export-oriented industries in Bangladesh.

Money rates

Money rates in the Call Money Market during the week ended Wednesday ranged from 1.50 per cent to 5.00 per cent, a press release of Bangladesh Bank said yesterday, reports UNB.

During the same week, interest rates offered by the Bank on certificate of deposits varied from 3.50 per cent to 8.25 per cent.

The bank rate, however, remained unchanged at 5.50 per cent.

The sentiment was communicated by the leader of the visiting British trade mission during a meeting with Commerce Minister Shamsul Islam at the latter's office yesterday.

Tony Baldry MP, British Under Secretary of State in the Commonwealth and Foreign Office, who is leading a 27-member British trade mission during a meeting with the Commerce Minister lauded government's liberal trade policy and encouragement to the private sector.

Baldry showed Britain's interest to invest in different productive sectors including the export-oriented industries in Bangladesh.

The leader of the visiting mission assured Britain's continued cooperation for the economic development of Bangladesh.

During the meeting, Islam mentioned the prevailing cordial relations between Bangladesh and Britain expressed the hope that bilateral economic cooperation would be further strengthened as a result of reform oriented policy pursued by the government.

While noting the steps taken to involve the private sector in economic activities, the minister was of the view that the visit of the trade delegation would have positive impact on the expansion of trade in the private sector.

Commerce Secretary A H Mofazzal Karim and Vice Chairman of Export Promotion Bureau Anisul Haq Chowdhury were, among others, present on the occasion.

RDO team meets Biswas

A delegation of Rural Development Organisation (RDO) of Barisal called on President Abdur Rahman Biswas at Bangabhaban yesterday, reports BSS.

Talking to them, President Biswas said that government has given all attention to rural development for improving socio-economic condition of the vast majority of the population living in the villages.

He said that simultaneously with the government efforts, the activities of the non-government and voluntary organisations would expedite the process of development.

In a memorandum, the executive Director of RDO, a non-government voluntary organisation, which mostly operates in Muladi and Mehendiganj areas, explained their activities. The activities included motivating the people for adult education, sinking of tubewells to ensure pure drinking water and installation of sanitary latrines, tree plantation and distribution of small loan among the organised groups for improving their economic condition.

Appreciating the activities of the organisation, President Biswas laid stress on mass education and advised the members of the organisation to give more attention to education, for which government has allocated 24 per cent of the national budget during the current financial year.

Among others, Mohammad Siddique Rahman, Mohammad Yusuf Ali, Mohammad Arif Hossain, Mohammad Sohail Parvez, Mohammad Saidul Islam, Morsheda Munni, Abul Kalam Azad, Harunur Rashid and Azhar Ali were present on the occasion.

SLA Group's operating profit up by 20 pc

The Singapore Airlines (SIA) Group's operating profit for the six months ended 30 September 1994 rose by 20 per cent to 478 million Singapore dollars (322 million US dollars), an increase of 80 million Singapore dollars (71 million US dollars) from the same period in 1993, says a press release received in Dhaka.

Singapore Airlines' operating profit at 385 million Singapore dollars (259 million US dollars) was 57.7 per cent higher at 141 million Singapore dollars (105 million US dollars) higher.

Economic recovery in major industrialised countries and lower fuel costs contributed to the improved financial performance.

However, the operating profit of the company's subsidiaries fell 61 million Singapore dollars (35 million US dollars) or 39.8 per cent to 93 million Singapore dollars (62 million US dollars). This was mainly due to losses incurred by SilkAir (Singapore) Private Limited, Singapore Airport Duty-Free Emporium (Private) Limited and the investment subsidiary which incurred a loss because of the downturn in both equities and bonds internationally during the period under review.

The group's profit before tax rose 62 million Singapore dollars (60 million US dollars) or 14.6 per cent to 486 million Singapore dollars (327 million US dollars). Profit after tax and minority interests grew 69 million Singapore dollars (64 million US dollars) or 17.7 per cent to 461 million Singapore dollars (310 million US dollars).

The group's earnings per share was 35.9 cents, up 5.4 cents (17.7 per cent).

The company's profits before tax was 444 million Singapore dollars (289 million US dollars), up 106 million Singapore dollars (86 million US dollars) or 31.4 per cent. Profit after tax grew 106 million Singapore dollars (86 million US dollars) or 31.7 per cent to 438 million Singapore dollars (295 million US dollars).

The company's surplus of 8 million Singapore dollars sale of aircraft and spares was 41 million Singapore dollars or 87.7 per cent lower than the year before. There was no sale of aircraft, and lower surplus from the sale of spares during the period under review. A surplus of 22 million Singapore dollars was realised in the previous year from the sale of an A310-200 aircraft to its subsidiary, SilkAir.

Capacity expanded 9.8 per cent to 5,435 million tonne-kilometres — principally from additional frequencies to Dhaka, Madras, Bombay, Kathmandu, Johannesburg, Hong Kong, Darwin, Perth, Auckland, Shanghai, Los Angeles and Ho Chi Minh City; new services to Hiroshima, Cape Town and Abu Dhabi, and new freighter services to Calcutta, Hong Kong, Moscow, Shenzhen and San Francisco. Passenger seat kilometres and cargo capacity tonnes-kilometres grew 7.8 per cent and 13 per cent respectively.

Traffic increased at a higher rate of 10.4 per cent to 3,821 million tonne-kilometres.

Majid to attend FAO council confce

Agriculture and Water Resources Minister M Majid ul Haq left Dhaka Saturday for Rome to attend the 107th FAO council conference, beginning in Rome on November 15, reports UNB.

He will be leading a three-member Bangladesh delegation to the conference.

Representatives of all FAO member countries will attend the conference which will review and enhance the overall activities of FAO.

During his stay in Rome, Haq will meet agriculture ministers of some FAO member countries and heads of different UN organisations to seek their cooperation for agricultural development in Bangladesh.

Cray computer announces new supermodel

COLORADO SPRINGS, Colorado, Nov 13: Cray Computer, the top supercomputer maker, announced yesterday a new line of high capacity systems for scientific research and engineering, reports AFP.

The Cray-4 will have double the capacity of its predecessor, the company said in a statement from its headquarters in Colorado.

The computer will have an operating speed of one gigahertz, the fastest clock speed of any available system, and provides overall sustained system performance equivalent to or better than any commercially available system, the statement said.

Inflation may rise further in China

BEIJING, Nov 13: China's economy is overheating, with industrial output soaring, too much money pouring into new building projects and signs that inflation will rise further, figures released yesterday showed, reports Reuters.

Beijing has been trying to cool growth, but a Japanese economist said although deflationary policy was out of the question, because of the numbers of people it would put out of work and the risk to social order.

"China is going for high growth, high inflation. There is no alternative policy," he said.

The central bank announced it would raise in December the interest rate subsidy it pays on savings of three years and above to 8.79 per cent from 6.57 per cent, the highest level since the subsidy was introduced last March to protect depositors from inflation.

That means that those with an eight year fixed deposit will next month receive total interest of 26.43 per cent, up from 24.21 per cent this month — an indication the bank expects inflation to climb in

December.

The urban consumer price index in China's 35 major cities in September was an annual 27.5 per cent, with the prices of grain rising 61.7 per cent and of vegetables 52.5 per cent.

The State Statistical Bureau (SSB) published figures for the economy in October, showing added-value industrial output at 142.6 billion yuan (16.78 billion), dollars an increase of 24.3 per cent compared with

October 1993.

That was an increase of six percentage points compared with September and the highest month-on-month rise for more than 10 years, the SSB said.

For January-October, added-value industrial output was 1,298 billion yuan (152.7 billion), dollars an increase of 17.4 per cent compared with the year-ago period, it said.

It said many problems remained in the economy, espe-

cially a worsening shortage of capital and increased overstocking. It gave no figure for inflation in October.

Two of the factors that fuel inflation — excessive investment in construction and consumer spending — were escaping state controls, official figures showed.

A front-page commentary in the financial news, published by the central bank, said investment in "construction would grow even faster this year than last year's 50.6 per cent, with 9,000 new projects started in July and August alone.

That is despite a drop of 120 billion yuan (14 billion dollars) in the level of loans given by the central bank in the first nine months, and because projects are using funds raised independently or foreign money, it said.

Prices were being driven up by chaos in the distribution system, with poor management of the market and wages and prices pushing each other up, it said.

Consumer spending was growing far faster than increases in labour productivity, further driving up prices, it said.

Shanghai asked to improve city's infrastructure

SHANGHAI, Nov 13: An international task force set up to identify major impediments to further investment in Shanghai has urged the city's mayor to focus on infrastructure, fight inflation and corruption and cut red tape, reports AFP.

In a report obtained Tuesday, the task force urged the Shanghai government to continue to put infrastructure improvement, particularly on transport and telecommunications, on its priority list.

The task force was set up by

an advisory council for the mayor and is composed of 25 international business leaders from 14 countries. The task force ended its sixth annual meeting here Tuesday.

The principal task of the International Business Leaders' Advisory Council (IBLAC) was to advise the mayor on how to position this financial and industrial centre for 2000.

The report said most of 91 investors questioned by the task force said they wanted the City government to reduce bureaucracy and cut red tape.



Indonesian Foreign Minister Ali Alatas (L) watches as President Suharto rings a gong to mark the opening of the inaugural session of the sixth APEC ministerial meeting at Istana palace in Jakarta on Friday. — AFP photo

Commodity markets: Prices of base metals slump while tea, sugar soar

LONDON, Nov 13: The base metals slumped in a technical decline on the London Metal Exchange (LME) this week, suffering quietly after the record highs reached last week, reports AFP.

Copper, aluminium and the other metals, with the exception of nickel, fell, on profit-taking and technical trading, but remained at a generally high level.

Oil dropped on a rise in world production, a temporary cut in demand and, particularly, on Iraq's announcement that it formally recognised Kuwait — which paves the way for lifting the 1990 United Nations oil embargo.

Sugar and the vegetable oils soared on increased world demand, while the grains, coffee and cocoa declined.

GOLD: Stable. Gold fluctuated slightly between 383 and 395 dollars per ounce during the week, hit by a surprise jump in the dollar.

After gaining slightly on Tuesday on uncertainty ahead of the US mid-term elections, gold then dropped as the dollar rose on the massive success of the Republican party and lower-than-expected US producer prices.

Elsewhere, Russia is gearing itself up for the launch of a "gold club" to reorganise and put tighter control on the domestic precious metal and stones market. The club could limit sales abroad.

SILVER: Lower. Prices dropped around 12 cents to 5.20 dollars per ounce, also hit by the rise of the greenback against the other currencies.

"The silver market was more strongly hit than the gold market," said one dealer, adding that the market had been in decline for several weeks now and did not appear attractive to investors.

PLATINUM: Sinking. The dollar's rise also touched platinum, which declined several dollars to around 410 dollars per ounce. In Japan, prices were also hit by the lower yen.

COPPER: Lower. Copper dipped about 30 dollars to 2,666 dollars per tonne during the week on the London Metal Exchange (LME), slipping from last week's record four-year highs as dealers took profits.

The LME announced that it plans to open up copper warehouses in the US, with effect from April 1, 1995. The warehouses will be in Long Beach, Los Angeles, Chicago, Saint Louis and New York/New Jersey (subject to confirmation).

US dealers are unsure how this will affect the comex market in New York.

Stocks on the LME fell 13,025 tonnes to 319,200.

LEAD: Calm. Lead slipped four dollars during the week to around 684 dollars per tonne, ignoring copper's correction, as dealers said fundamentals remained firm.

Two leading US lead producers have cut their premiums on pure lead for delivery in November, even though the industry is working flat out and is sold out for the rest of the year.

A spokesman for one of the companies said the cut was due to the market price of

lead, recently up strongly on the LME, being "too high".

A US purchasing executive for a leading US battery maker said lead producers were already sold out of material, adding that the cut in premium was probably a "slap on the wrist" to stop other producers trying to undercut their prices.

Stocks on the LME dipped 2,350 tonnes to 367,225.

ZINC: Lower. Zinc dipped 14 dollars to 1,165 dollars per tonne in the wake of copper, after reaching a two-year high last week.

Cominco of Canada, one of the world's leading producers of refined zinc, will increase total output by around 50 per cent with its purchase of Peru's Cajamarquilla Zinc Refinery.

Cajamarquilla's production can be boosted from its present 90,000 tonnes to around 140,000 tonnes of refined zinc a year, the company said.

Stocks rose 3,025 tonnes to 1,215,250.

ALUMINIUM: Lower. Aluminium slipped around 30 dollars during the week to 1,856 dollars per tonne, in a technical correction, although fundamentals remain firm, dealers said.

At the beginning of the week, news that strike action at French aluminium producer Pechiney's Dunkirk Smelter had been called off after one-and-a-half weeks caused the metal to dip.

India's Nalco announced that it was bringing forward expansion plans, which should lead to a 30,000 tonne in-

crease in output by 1996. The full expansion programme from 218,000 tonnes per year to 345,000 tonnes per year, will, however, take until 1999.

Elsewhere, statistics from the International Primary Aluminium Institute (IPAI) showed Western world stocks of aluminium fell by 69,000 tonnes in September to 3,531 million tonnes from 3,600 million in August.

Stocks on the LME fell 19,925 tonnes to 1,971,925.

NICKEL: Lifting. Nickel rose around 85 dollars to 7,385 dollars per tonne as demand appeared firm.

Dealers said Canadian producers Inco and Falconbridge, in addition to Australia's Western Mining Corp. and Japan's Sumitomo Corp. had sold out of metal.

But US dealers do not expect stockpiled LME nickel to be shipped to the US from Amsterdam unless premiums rise a few more cents — many US companies are reluctant to use full plate Russian nickel, which makes up the bulk of the stocks.

Stocks on the LME rose 78 tonnes to a record 150,498 tonnes.

TIN: Lower. Tin dipped around 150 dollars to 6,180 dollars per tonne in a technical correction.

COCOA: Weak. Prices moved little during the week, remaining at around 960 dollars per tonne.

Investors ignored cocoa despite continuing delays in the delivery of the Ivory Coast harvest to the ports, and the poorer quality of the harvest.

One dealer said that henceforth deliveries to the ports would be between 80,000 and 100,000 tonnes, but that only 25 per cent of this figure would be of sufficient quality to export.

Heavy rain has destroyed a large part of the harvest of the world's largest producer and exporter.

COFFEE: Irregular. Prices fluctuated mainly between 3,550 and 3,450 dollars per tonne during the week, but rose to 3,568 dollars on Tuesday ahead of the publication of estimates of the Brazilian harvest.

The Brazilian government estimated that the 1995-1996 (May to April) harvest would be between 12.7 and 14.8 million bags (each of 60 kilograms), compared with the 15.75 million bags predicted in July.

The figures, which take into account the drought that hit the plantations between July and October, were inline, analysts' forecasts.

SUGAR: Higher. The Price of refined sugar rose to around 363 dollar per tonne — its highest level since July 1990 — on largescale imports by middle eastern countries and on rumours of Chinese buying.

Brazil also announced that it would maintain its 10 per cent tax on sugar exports, ignoring the objections of exporters. The country is the world's second-largest producer.

One analyst at GNI said the market was "tired" of waiting for the promised Chinese purchases and prices go lower soon.

Elsewhere, the Cuban har-

vest showed itself to be incapable of meeting its obligations to Russia, as Russia suspended deliveries of oil under the barter system that links the two countries.

The harvest in Cuba, formerly the world's leading exporter, is estimated at between 3.5 and million tonnes, compared with four million tonnes last year and seven million tonnes three years ago. This year's harvest will be the worst since 1945.

VEGETABLE OILS: Higher. Prices rose on the Rotterdam market. Soya was hotter despite an upward revision of the United States harvest to 68.65 million tonnes from 66.9 million tonnes by the US Department of Agriculture.

Plam oil rose sharply on strong demand in Asia. Sunflower oil lifted despite a 1.5 million tonne rise in the 1994 world harvest to 22.7 million tonnes, reported by oil world.

Rapeseed oil declined after a record world harvest this year at 29.25 million tonnes.

OIL: Lower then higher. Prices slid early in the week, dropping 0.8 dollars to below 17 dollars a barrel, after a rise in US stocks, increased world production, weaker demand and the prospects of Iraqi oil on the market in 1995.

At the end of the week, prices lifted above 17 dollars a barrel, despite Iraq's formal recognition of Kuwait, after a refinery in Texas stopped production.

Prices were lower after the International Energy Agency said world production had

risen by 1.06 million barrels in October and particularly after Iraq agreed to formally recognise Kuwait.

Oil analysts said Iraq's recognition could allow the 1990 United Nations oil embargo to be lifted and a number of specialists now believe Iraqi crude oil could return to the market in the second half of 1995.

If the embargo is lifted, Iraq could export between 750,000 and a million barrels of oil a day until the end of 1995, which the market could have difficulty in "swallowing", therefore causing prices to drop.

RUBBER: Lower. Prices slipped a few pounds to 852 pounds per tonne after Western tyre producers temporarily stopped buying rubber.

Dealers believe prices will remain firm until 1995 on stronger demand, despite the return to normal production by the southeast Asian countries.

GRAINS: Down. Prices dropped during the week after being hit by the low level of British exports, with wheat down one pound at 104 pounds per tonne and barley down three pounds at 98 pounds per tonne.

On the French market, similar influences, i.e., weak exports, had the same effect. The national grains office revised downwards its estimates for wheat exports in 1994-1995 by 500,000 tonnes to 7.5 million.

TEA: Higher. A Higher demand for medium quality teas pushed prices on the London auction market this week.

Top quality teas fell by 15 pence to 185 pence per kilo, while lower and medium quality teas rose respectively by four pence to 124 pence and two pence to 90 pence per kilo.

India is expected to produce a record harvest of around 770 million kilos in 1994 compared with 758 million in 1993, disappointing the market, which remains subdued.

As a result, the main Indian producers have decided to stop production until February, to prop up prices.

COTTON: Slightly higher. The cotton outlook reference price rose slightly to around 0.76 dollars per pound in the wake of firmer futures on the US market.

Dealers were confident, estimating that the record US harvest this year will be compensated by an increase in world demand. Recent sales in Japan reassured dealers.

WOOL: Stable. The reference price remained stable at 4.40 pounds per kilo despite prospects of a cut in production in Australia.

A specialist Australian journal predicted that the market could go into shortage in the first half of 1995. The amount of Australian wool available during this period is expected to fall by 10.6 per cent on the same period in 1994.

The severe drought this year in Australia has limited production, which is not expected to exceed 735,000 tonnes compared with 762,000 tonnes in 1993.