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The Daily Star BUSINESS

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HYUNDAI
CARS THAT MAKE SENSE

2nd day of hartal Production normal, says handout

Production in the enterprises of three state-run corporations in Dhaka and other parts of the country was normal yesterday, the second day of the opposition-sponsored hartal, reports UNB.

This was stated by an official handout here yesterday. It also claimed the presence of officers, employees and workers of the enterprises of the sector corporations under the Industries Ministry was normal.

The corporations include Bangladesh Chemical Industries Corporation, Bangladesh Sugar and Food Industries Corporation and Bangladesh Steel and Engineering Corporation.

BB bill auction

Four bids for a total amount of Tk 12.50 crore were received at the 70th auction of the 91-day Bangladesh Bank Bill held yesterday, says a BB press release.

All the bids were accepted. Face value of the bills accepted was Tk 12.50 crore. The weighted average price of the accepted bids was Tk 98.54 per 100 Taka. The corresponding yield is 5.95 per cent per annum.

Ken's death sentence

Greenpeace blasts Shell

AUCKLAND, Nov 12: Environmental group Greenpeace sharply criticised Anglo-Dutch oil giant Shell on Saturday for not taking a stronger stand against Nigeria over the death sentences on rights activist Ken Saro-Wiwa and eight associates, reports Reuter.

"The blood of Ken Saro-Wiwa will permanently stain the name of Shell," Greenpeace said, reacting to news that "Saro-Wiwa and fellow activists had been hanged."

Saro-Wiwa, 54, was a prominent writer who campaigned for minority rights and against environmental degradation in the oil-rich Ogoniland region.

A tribunal sentenced him to death last week on murder charges stemming from disturbances linked to the campaign for the Ogoni people's rights.

Shell produces half of Nigeria's roughly 1.9 million barrels per day of crude oil, but has suspended operations in Ogoniland since civil disturbances there in 1993.

Shell said it had no immediate plans to alter its operations in Nigeria following the executions, adding: "It is with deep regret that we hear this news."

US investors cautioned about Dhaka's archaic laws

The US government has cautioned potential American investors about Bangladesh's archaic business laws, delay-prone and weak legal system and dubious accounting practices, reports UNB.

The latest Country Commercial Guide, documented by the US embassy in Dhaka for potential US investors, cited some of the country's important business laws which are an extremely outdated, one being even 125 years old.

The laws, pointed out in the guide, are Insolvency Law of 1920, Patent Law 1911, Patent and Design Rule 1933, Trademark Act 1940, Copyright Ordinance 1962 and the more-than-a-century-old Admiralty Law made in 1861.

"Most laws affecting investment in Bangladesh badly need overhauling," said the US embassy report which is prepared every year and supposed to influence business and investment decisions of US businessmen and entrepreneurs.

On difficulties in possessing or hiring lands, the report noted that "antiquated" real property laws in Bangladesh "guarantee" chaos in either purchase or in lease of lands, making investment critical. "Land registration records are untrustworthy and unreliable."

Cautionary signal was also

given in the report about unreasonable delays in settling disputes in Bangladesh courts. "Over ten years can pass between bringing a court case and executing a judgement... there is no penalty for delaying proceedings."

It too mentioned weaknesses of the courts to ensure execution of verdicts. "The ability of Bangladesh judicial system to enforce its own awards is weak, and there is no reason to think enforcement of foreign judgements would be stronger."

The Commercial Guide also pointed to "shortcomings" in accounting practices in Bangladesh which, it said, hampered disposal of business disputes.

With few exceptions it said, "audits and balance sheets and profit and loss statements often follow clients' instructions and failed to conform to international standards."

The US report, although it signalled rise in civil disturbances ahead of next general elections, foresaw violence would not be targeted to business concerns.

"There have not been any incidents over the past few years involving politically motivated damage to projects or installations... violence targeted against business concerns is unlikely."

New bond launched in Pakistan

ISLAMABAD, Nov 12: The Pakistan government yesterday launched a new bond which gives buyers a chance to join a lucky draw and win up to 2.5 million rupees (73,500 US dollars), the Department of National Savings said, according to AFP.

The bonds, each priced at rupees 25,000 (about 735 dollars), will be sold by the central state bank and scheduled banks from Wednesday, it said adding each draw would offer five prizes of 2.5 million rupees and 20 worth 1.5 million rupees.

The first draw will take place on February 15, with others every three months.

SilkAir receives 2nd Fokker 70

SilkAir has received its second Fokker 70 aircraft on November 3, says a press release.

In addition to the start-up of twice weekly services to Ujung Pandang, the 2nd Fokker 70 aircraft will enable the airline to launch a new twice-weekly service to Vientiane in Laos and increase frequencies to Pekanbaru and Lombok. A twice weekly charter service to Christmas Island will also be mounted from November 17.

SilkAir also took delivery of a new 737-300 aircraft, its fifth in the fleet on October 26, 1995. With the addition of this latest B737-300 aircraft, frequencies of flights will be increased to Cebu, Medan, Yangon, Phnom Penh and Langkawi.

India's commercial banks may raise lending rates soon

BOMBAY, Nov 12: Commercial banks in India are expected to raise their prime lending rates by about one percentage point within the next week, bankers and analysts say, says Wall Street Journal.

They cite sharp increases in short-term interest rates, rising term-deposit rates and higher demand for credit from industry.

Since January, banks have already raised their prime rates — those charged on loans to their best customers — by one to two percentage points, to an average of 16 to 16.5 per cent. Other corporate borrowers get funds at 18 to 19 per cent.

The immediate trigger for a prime increase is a sharp climb in interbank overnight call rates, the rate banks charge each other for overnight loans. Overnight call rates hit a high of 85 per cent last Friday, dropped back down to about 50 per cent earlier this week and spiked upward again Thursday.

Reserve Bank of India intervention since mid-October to support rupee, which has fallen about 10 per cent against the US dollar since mid-August, sucked rupees out of the banking system and pushed overnight rates sharply higher from less than 20 per cent previously. The central bank has spent an estimated 500 to 700 million US dollars supporting the currency by buying rupees in

the foreign exchange market. Foreign banks are expected to lead the way in raising prime rates. With few branches and limited domestic-deposit bases, foreign banks are more sensitive to changes in interbank rates.

"There has been a rise in

Cropping rises in China

BEIJING, Nov 12: China's acreage sown with autumn and winter crops is projected to be 2.7 per cent greater than during the 1994 sowing season, Xinhua news agency said, reports Reuter.

A sample survey conducted by the State Statistical Bureau showed that sown acreage of grain, rapeseed and vegetables have all increased from 1994 levels.

Farmland sown with grain will be up 2.3 per cent, while that planted with vegetables is seen growing 12.7 per cent, it said. Acreage under green fodder will be up 3.5 per cent, which should have an impact on China's chronic fodder shortage, it added.

The report gave no other figures.

The increased sown acreage reflects heightened attention paid to farming by the government, higher prices paid for farm products and favourable soil moisture levels in northern areas, enabling tilling of land once left idle in winter, it said.

deposit rates. We will see their impact on the lending rates. We see a clear case for a one percentage point rise in prime rates," says Ravi Nuryse, treasury head at Dresdner Bank AG in Bombay.

In September, the central bank removed all controls on the rates banks can offer for term deposit of three years or more. Banks are currently offering up to 13.5 per cent for three-year term deposits.

But most state-controlled banks are expected to wait for a signal for a prime increase from the country's largest commercial bank, State Bank of India. Over 90 per cent of the country's deposits are held by the state-controlled banks.

"We are examining the possibility. A decision will be taken after the board meeting on November 10," a senior official at State Bank of India in Bombay said.

Bankers say good demand for funds from industry is adding to the pressure for a prime increase. Any rise in lending rates won't dramatically affect industrial growth, they add.

"We are thinking about a hike in prime rate but falling inflation and high real interest rates do not justify a hike," said N Venkataraman, treasurer at Societe Generale in Bombay. "However a hike could be justified in the light of the liquidity crunch and rising demand for credit."

Seoul's refusal to recognise trade union body protested

SEOUL, Nov 12: Some 40,000 labour activists shouting anti-government slogans rallied here today to protest the government's refusal to recognize South Korea's new trade union federation, reports AFP.

Shouting "We want a democratic union," the workers from the day-old Federation of Democratic Trade Unions (FDTU) waved hundreds of flags and banners denouncing President Kim Young-Sam.

The workers, wearing red and blue headbands, also demanded the arrest of former President Roh Tae-Woo for amassing illegal millions in a slush fund and challenged Kim to prove he did not receive illegal money from Roh.

"Let's terminate the political-business collusion," shouted the workers, who beat traditional gongs and drums as their leaders asked the government to lift a ban on union political activity.

The rally in a city park came one day after Kwon Yong-Kil, a fugitive labour activist, was elected to head the new union to rival the more conservative, government-recognized, Korea Federation of Trade Unions (KFTU).

SIA Superhub opens

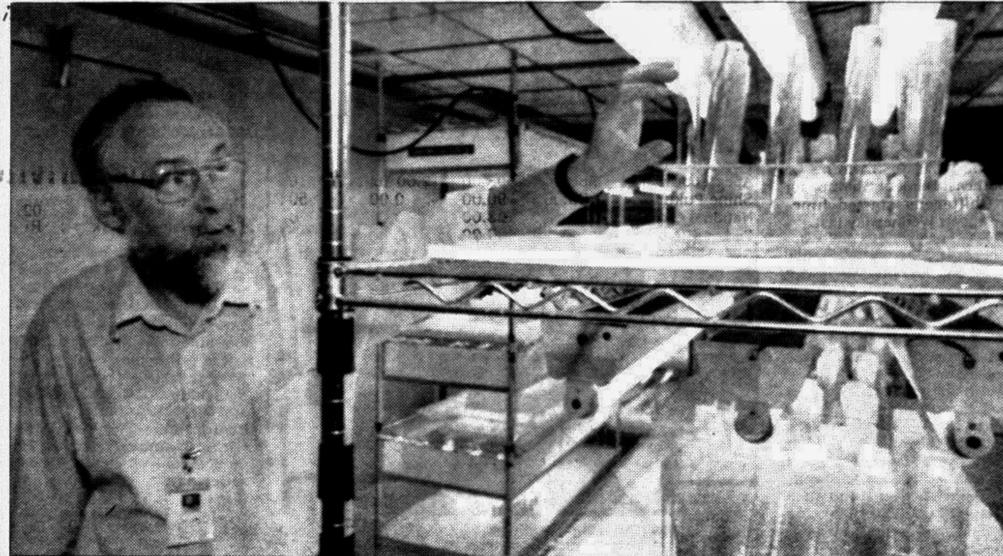
The SIA Group's newly-completed airfreight terminal-5, dubbed the SIA Superhub, was officially opened by the Minister for Trade and Industry, Mr Yeo Cheow Tong in Singapore on November 3, says a press release here.

The 215 million Singapore dollar terminal, built and managed by SIA's ground handling subsidiary, SATS Airport Services, will serve two airlines of the SIA Group — Singapore Airlines and SilkAir.

Speaking at the opening ceremony, SATS Chairman Dr Cheong Choon Kong said the Superhub will strengthen the international standing of Singapore Changi Airport as one of the world's leading cargo hubs.

While trans-shipment represents only 5 per cent of cargo carried by most airlines using the airport, it accounts for 58 per cent of Singapore Airlines' throughput.

The Superhub has an annual handling capacity of 500,000 tonnes and increases SATS' total capacity by around 70 per cent, to over 1.2 million tonnes a year.



This December 14, 1994 file photo shows Dr John Bennett, molecular biologist with the International Rice Research Institute (IRRI) inspects a gene bank at the laboratory of the Philippines-based IRRI, which is developing a genetically-engineered variety of the cereal with a potential yield 25 per cent higher than existing high-yield ones. IRRI says the new "super rice" seedlings will be available to farmers around the world by 2000. Current trade barriers on rice imports in the region will be high on the agenda when leaders of the Asia Pacific Economic Cooperation (APEC) forum meet next Sunday in the Japanese city of Osaka. — AFP/UNB photo

Dubai Air Show Nov 19

DUBAI, Nov 12: More than 100 warplanes, helicopters and corporate jets have swooped down for Sunday's Dubai Air Show, as big business battles for a piece of the lucrative Middle East aerospace market, reports AFP.

France's multi-role Rafale B Fighter, a US F-16, Russian Mig 29, a British Hawk, as well as South Africa's Rooivalk and Oryx helicopters will put on an acrobatic show, organizers said.

"A lot of aircraft will be making their debut," a show spokesman, Howard Jones, said. Fourteen of the 102 aircraft exhibited, including the "One to watch" Rafale B, were making their first appearance in the Middle East.

Other aircraft to be displayed at the show site next to Dubai International Airport include, France's Falcon 900EX, touted as the longest range business jet flying today, and Cessna Corporate jets.

Tina Shaposhnikova, a marketing manager for Rus-

sian helicopter giant Rostvertol, told AFP that her company will use the show to look for Western partners to boost its international sales drive.

"We have to learn fast to sell our products. This is new to us," Shaposhnikova said, adding that Russian firms must learn to compete for sales not only in markets but in former communist countries as well.

More than 20,000 are expected to attend the show staged by 500 exhibitors ranging from aerospace manufacturers, to communications firms to publishers around the world.

Asian exhibitors include Singapore Aerospace, Aeronautical Radio of Thailand, Japan's Daiichi Kosho Company Ltd, and Industri Pesawat Terbang Nusantara of Indonesia.

Ministerial delegations from 34 countries, including one led by South Africa's Defence Minister Joe Modise, will attend as well as chief executives from aerospace firms.

Prices of gold, sugar up while tea down over the week

LONDON, Nov 12: On the cocoa market, traders are increasingly worried about the disruption to exports from Ivory Coast, a central player in the world of chocolate, reports AFP.

This country, which produces a third of all cocoa sold worldwide, is facing severe problems. A dispute between the government and freight operators has already slowed down foreign sales to a trickle this month.

Even worse, the unrest which flared up during last month's presidential elections led to a number of farmers fleeing their plantations, which has affected harvesting.

Elsewhere on the commodities markets, the price of sugar surged further ahead, buoyed by limited supply in Europe, a situation expected to persist until the end of the year.

Rubber, meanwhile, continued to advance under the effect of falling output in Thailand and Malaysia. Copper remained at high levels, with the metal still in short supply on the physical market.

GOLD: Boost. After months of depression, gold recovered its form, lifted by speculative buying. The metal climbed to 387 dollars on Friday — a high since July — on sudden speculative buying, ending the week four dollars higher.

This rebound in interest in gold is partly due to the weakness of the dollar and uncertainties affecting the US budget. Investors believe that the current deadlock between the White House and the Republican-held Congress over the US budget could have a negative effect on the American economy

and the dollar.

Confidence has also been dented by the sharp falls in the Mexican peso to new historic lows against the dollar, which reinforces fears about the prospects for economic recovery in Mexico, a key trading partner of the United States.

This troubled outlook has prompted US investors to move into gold.

PLATINUM: Rise. The metal gained five dollars to 413 dollars per ounce for the same reasons as gold, but also due to technical problems at a refinery operated by the giant South African producer Impala Platinum.

SILVER: Rebound. Silver was boosted by gold's gains, and advanced 10 cents to 5.40 dollars per ounce. But the crisis afflicting the Mexican economy is worrying for the metal.

Mexico, one of the largest silver producers in the world, could be tempted to step up sales of the metal if the financial crunch intensifies.

COPPER: Rise. After reaching a month-high early in the week on the back of soaring cash prices, copper fell back after the London Metal Exchange (LME) announced an investigation into price volatility on the market.

Over the week, however, the reference three-month price was still seven dollars up at 2,817 dollars per tonne.

The LME launched an inquiry at the request of industrial buyers, which were concerned that current high prices were unwarranted by

the demand and supply situation.

But experts here say that much of the LME warehouse reserves, which jumped 5,750 tonnes to 207,325 tonnes this week, is held up in financing deals.

And according to analyst William Adams at Rudolf Wolff, the price volatility is in part due to US hedge funds' short selling — selling metal they do not own in the expectation of buying it up cheaper later — and then having to cover their positions by buying on the cash market.

LEAD: Fall. Under the influence of copper's late weakness, the metal retreated four dollars to 688 dollars per tonne, after reaching a January high of 704 dollars last week.

But analysts said lead continued to draw support from falling stocks — which declined by 5,775 tonnes this week to 186,750 tonnes — and a lack of high-quality physical supplies.

ALUMINIUM: Retreat. The price of the metal retreated 38 dollars to 1,681 dollars per tonne, as fears of a growing surplus in the metal grew.

Losses accelerated at the end of the week after a big rise in LME stocks of over 22,000 tonnes, which pushed the weekly stocks up 23,875 to 567,500 tonnes.

As a result, the market failed to gain much of a lift from the announcement by the international primary aluminium institute that total world aluminium stocks fell by 96,000 tonnes in September

to 3,688 million.

Alumax, the third largest US producer, is restarting 90,000 tonnes of primary capacity, and Swiss group Alusuisse-Lonza is to expand output at its Icelandic smelter by 62,000 tonnes per year by 1997.

Meanwhile, a report that Japanese car manufacturers are cutting the use of zinc and aluminium to lower costs added to the bearish sentiment.

NICKEL: Subdued. The price of the metal lost 370 dollars to 8,510 per tonne, with trading still subdued after the sharp gains a fortnight ago.

Stocks on the LME fell by 1,224 tonnes to 49,350.

TIN: Rise. The metal advanced 40 dollars to 6,430 dollars per tonne.

LME stocks declined by 330 tonnes to 13,130.

ZINC: Low. The metal lost 20 dollars to 1,057 dollars per tonne, also affected by copper's performance.

LME stocks declined by a modest 4,100 tonnes to 701,150 confirming analysts' view that last week's relatively large stocks draw-down represented a blip rather than a real sign of growing demand.

The metal is under pressure from large Chinese sales, which might turn into a flood if prices were to rise above 1,100 dollars, dealers said.

But trading house GNI said the metal was supported to an extent by the uncertainty over contract negotiations at Canadian producer Noranda's 230,000 tonne zinc refinery

in Quebec, where the previous labour contract expired last week.

OIL: Firm. Brent North sea crude oil prices performed strongly this week on higher demand in Europe and North America due to winter re-stocking.

The reference price ended the week above 16.60 dollars per barrel. This buoyant market sentiment was not dented by the large rise in US crude oil stocks announced by the American petroleum institute, which might slow down US buying.

Meanwhile, Iraq is under increasing pressure from the United Nations to accept resolution 986, which allows the country to sell a limited quantity of crude oil to pay for humanitarian needs.

Traders are worried by this development, as the market remains fragile with exports already at high levels. The arrival of Iraqi oil, even in limited quantities, would send prices crashing, they fear.

RUBBER: Advance. Prices are still bouncing ahead, due to falling production in Thailand and Malaysia, two main exporters. Torrential rains in Southeast Asia over the past few weeks has slowed down production, since the water is disrupting extraction from the rubber trees, one London trader explained.

price for rubber reached 1,055 pounds per tonne, a high since June.

Meanwhile, the market in liquid rubber, the latex used to make surgical gloves and condoms, is very active. Demand is very good and output seems to be lower than last year.

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In addition, the US tyre manufacturer Goodyear bought large quantities of Indonesian rubber on the Singapore market this week, further lifting prices.

The hurricane winds which swept through Viet-

nam finally caused less damage than expected to the country's plantations, and in fact the rains which followed the winds have been helpful for the harvest.

TEA: Fall. Prices retreated on the London weekly auctions, as supplies of good-quality Assam teas ran out. Medium-quality teas fell by 12 pence to 110 pence per kilogram.

SUGAR: Boost. The market remains buoyant in London due to the limited supplies for December delivery in Europe.

The price of sugar advanced around three dollars to 337 dollars per tonne, despite a modest fall at the end of the week due to a slight easing in the supply problem.

In New York, sugar fell back on speculative sales. In the coming months, prices may retreat if India and Brazil, the two major world producers, step up their exports.

For the moment, India has pledged only to self half a million tonnes over 1995/96, but market experts believe the country will agree to increased exports.

VEGETABLE OILS: Retreat. Prices declined on the Rotterdam market, dragged lower by speculative-driven losses on the Chicago soya market.

The US department of agriculture revised downwards its forecast for US soya production this year, but this news was offset by good weather conditions in Argentina, which should produce a bumper crop for the country.

GRAINS: Mixed. Prices were mixed this week, advancing in Europe but falling sharply on the US market. In London, wheat gained one pound to 126.5 pounds per tonne and barley rose two pounds to 119 pounds per tonne.

Sentiment was lifted by the announcement of a huge order from Saudi Arabia for importing 900,000 tonnes of barley, of which half might originate from the European Union, dealers said.

But in Chicago, the world's largest market, prices crashed after the release of disappointing figures by the US Department of Agriculture (USDA).

Traders were taken aback by the USDA's upward revision to its forecast for the 1995-96 world crop to 534.93 million tonnes from the previous figure of 529.77 million, due to better harvests in India, Australia and Canada.

COTTON: Calm. The price of a bale of cotton remained steady on the cash market, trading in a narrow band around 0.89 to 0.90 dollars per pound.

On the US futures market, gains were limited by profit-taking but traders do not rule out a future rally in prices, since the Texan and Californian harvests could turn out weaker than expected at the end of the year.

WOOL: Cautious. Wool prices moved forward cautiously after months of decline, with the reference price in Bradford, northern England, gaining five pence to 463 pence per kilogram. In Australia, prices of the wool auctions firmed slightly on Japanese and Taiwanese buying.