

Pak exporters stop buying rice for a month to protest hoarding

KARACHI, Pakistan, Mar 10: Pakistani exporters said Thursday they had decided to stop buying rice for a month to protest what they labeled as hoarding of an estimated 1.8 million tonnes of rice by farmers and dealers, says Reuter.

The hoarders are sitting on rice stocks like a snake on money and not allowing anyone to come near, one exporter said.

A member of the Lahore-based Rice Exporters Association of Pakistan (REAP), who asked not to be identified, said farmers and dealers had held back about 1.2 million tonnes of IRRI-6 rice and 600,000 tonnes of superior basmati rice to drive up prices.

Rice production is likely to rise 16.6 per cent to 4.02 million tonnes in 1995/96 (July-June) from 3.45 million tonnes the previous year, according to official estimates.

Exporters have decided to stop purchases of rice from growers for one month in protest against high prices in the domestic markets, REAP

Chairman Javed Islam, Agha told Reuters.

Exporters are unable to fulfil export shipment commitments.

There are some investors and other elements, not exporters, who are hoarding rice, Agha said, adding that the decision to halt rice purchases was taken on Monday.

He said high prices had reduced exports by at least 30 per cent in the first seven months of 1995/96.

Exporters also expressed grave fears that due to high prices of rice in the local market and in view of tough competition from Indian exporters, there is very little possibility of getting fresh export orders for Pakistani basmati rice in the near future, Agha said.

Pakistan's export tumbled to 693,900 tonnes worth 234 million dollars in the first seven months from 1.104 million worth 248 million dollars in a year ago.

In January, rice exports fell to 101,600 tonnes worth 35

million dollars from 171,000 tonnes worth 49 million dollars in December and 238,700 tonnes worth 60 million dollars in January 1995.

In 1994/95, Pakistan exported 1.744 million tonnes of rice worth 431 million dollars compared with 984,325 tonnes worth 242 million dollars in 1993/94, officials figures show.

Prices have increased more than 25 per cent in the last month, making it impossible for exporters to honour and execute export orders obtained recently, Agha said.

A commerce ministry official said the state-run Rice Export Corporation of Pakistan had exported more than 325,000 tonnes of basmati rice but could not obtain IRRI-6 at a reasonable price.

He said most export deals had been done at 500 to 600 dollars per tonne for basmati and 290 to 300 dollars for IRRI-6. Prices are likely to fall substantially in the next few weeks, he said.

Exporter Haroon Qasim said

basmati was likely to fall to 400 dollars per tonne FOB and IRRI-6 to 260 dollars in the next few weeks, adding that foreign buyers were purchasing rice from Thailand in preference to Pakistan's IRRI-6 on quality grounds.

Commerce Minister Ahmed Mukhtar said last week that exports were likely to rise in the last quarter of 1995/96 after the government allowed the RECP to pay higher prices to farmers.

RECP officials said procurement had started at around 270 rupees (7.83 dollars) per 40 kg for IRRI-6, 59 rupees more than the original government-fixed price of 211 rupees.

Unable to buy rice at the original price, the RECP cancelled provisional export agreements for 500,000 tonnes in December.

Rice rates rose in Pakistan after international prices increased in response to demand from countries such as Indonesia and Iraq, another dealer said.

Weak prices put pressure on cocoa nations to curb supply

LONDON, Mar 10: Sliding cocoa prices will increase pressure on producer nations to abide by agreed output cuts when they attend London talks with consumers next week, reports Reuter.

Delegates to the International Cocoa Organisation (ICCO) said failure by the top producer Ivory Coast to reduce its crop was undermining the credibility of the organisation.

It is rather egoistic of them, said Hagen Streichert, the German delegate who is also the spokesman for consumers.

We are interested to know how they explain the discrepancy between them agreeing to a reduction and soon afterwards telling the world they will harvest more than 900,000 tonnes, he said.

Cocoa prices dropped to seven-month lows this week on a perception among traders that the Ivorian crop would hit a record above one million tonnes, a 23 per cent jump on last year.

This would create a world surplus after four years of deficits that had to be made up from stocks.

All signs are there for a deficit to disappear, Streichert said in comments ahead of a week of ICCO talks starting Monday.

Benchmark cocoa futures on the London Commodity Exchange (LCE) are trading around 900 pounds sterling a tonne, down from 1,060 a year ago.

An ICCO five-year production management plan aims to cut world output by 375,000 tonnes by the end of the decade but critics say the targets are unrealistic in the first two years.

Banks in Taipei running out of US dollar

TAIPEI, Mar 10: Most banks in Taipei ran out of US dollar banknotes in the face of heavy demand after China announced on Tuesday it would conduct missile tests near Taiwan between March 8 and 15, bank executives said on Friday, reports Reuter.

The few remaining banks that still had banknotes on hand had restricted the amount that each person could buy to about one or two thousand US dollars, they said.

Earlier on Friday, China fired three missiles that landed near the island, the defence ministry said, Beijing has said the tests will run until March 15.

Citibank was one of the banks that still had banknotes on hand, but was limiting daily buying to 2,000 US dollars per person, a Citibank dealer said.

State-run Chang Hwa commercial bank also limited the buying per person at 2,000 US dollars a day. A dealer with the bank said he was not sure whether there would still be US dollar notes left in the afternoon.

A Bank of America spokesman in Taipei said the bank would airlift US dollar banknotes from its San Francisco headquarters to its Taipei branch on Monday to overcome the local shortage.



Thyssen Stahl steel manufacturing workers show what they think of the German government's austerity plans and the plans to cut down social welfare benefits as they try to squeeze colleagues wearing masks of Chancellor Helmut Kohl (L) and Employment Minister Norbert Blum (R) into rubbish bins during a protest in Duisburg, Germany recently. Some 5,000 metal workers in Duisburg, and 30,000 workers elsewhere in Germany took part in the protests. — AFP/UNB photo

Turkey, Iraq sign MOU to reactivate UN plan

ANKARA, Mar 10: Turkey and Iraq signed a memorandum of understanding yesterday to reactivate a UN plan on limited oil-for-food sales takes effect, reports AFP.

If Iraq endorses the UN Security Council Resolution 986 (for a limited oil sale), the pipeline between Kirkuk (in Iraq) and Turkey's Mediterranean oil terminal at Ceyhan can go into operation in a few days, Turkish Energy Minister Husnu Dogan said.

He was speaking to reporters after signing the memorandum with visiting Iraqi Oil Minister Amir Mohammed Rasheed said.

Iraq and the United Nations are due to launch a second round of talks on the oil-for-food sales on March 11. We are hopeful that we will reach a satisfactory agreement with the United Nations in the talks, Rasheed said.

Resolution 986 allows Baghdad to export oil worth two billion dollars to buy food, medicine and other vital aid materials to be distributed among the Iraqi people, Iraq

has been subject to a tight UN-sponsored embargo since the beginning of the Gulf crisis in August 1990.

If resolution 986 takes effect, at least half of an estimated 32 million tons of Iraqi oil will be exported in six months via the oil pipeline between Kirkuk and Ceyhan. This pipeline was closed on August 7, 1990, in retaliation for Baghdad's invasion of Kuwait.

The pipeline has an annual capacity of 100 million tons of oil. Currently, about 1.8 million tons of oil is stuck in the pipeline.

In another memorandum of understanding signed by Dogan and Rasheed, Turkey and Iraq pledged intensive cooperation in the energy sector after the eventual lifting of the UN-embargo on Baghdad.

According to the accord, Iraq would sell Turkey upto 10 billion cubic metres of natural gas per year via a pipeline yet to be built.

In addition, Turkey's state-run oil company Tappo will explore new oil fields in Iraq.

Unemployment rate in Spain set to stay above 20pc until 2000

MADRID, Mar 10: The rate of unemployment in Spain is set to remain above 20 per cent until 2000, the Spanish Foundation for Applied Economic Studies (FEDEA) forecast yesterday, reports AFP.

Joblessness is currently at 22.7 per cent, the highest in the European Union.

The report, carried out among 70 experts from universities and other bodies, said the rate might fall to 18.00 per cent of the workforce in 2,000 and to 15.00 per cent in 2,010 provided that the labour market and the system for professional training were fundamentally reformed.

The birth rate in Spain had fallen sharply for several years and this would help to reduce unemployment, the study found.

The FEDEA, which has links with leading Spanish banks and companies, said that Economic and Monetary Union (EMU) would not reduce unemployment in the short term.

Vietnam asks US to explain FBI advertisement

HANOI, Mar 10: The government is asking Washington to explain and FBI advertisement in Vietnamese-American newspapers seeking help in identifying possible Vietnamese spies in the United States, reports AP.

We find the FBI's act surprising because it does not fit the current context of bilateral relations between Vietnam and the United States, the Foreign Ministry said in a statement, published Saturday in the Saigon Newsreader, a newsletter.

It goes against both sides' efforts to improve mutual understanding, build up mutual trust and continue accelerating cooperation between the two countries, it said.

BJA expresses deep concern over political situation

Prof Md Rezaul Karim, MP, Chairman, Bangladesh Jute Association, has expressed deep concern over the continuous non-cooperation movement by the opposition political parties, says a BJA press release.

He said that due to this non-cooperation movement like other exports the raw jute exports have suffered much and the country is deprived of earning much-needed foreign exchange from this sector.

He further said, during the current fiscal year due to continuous hartal, strike and non-cooperation movement the quantities of raw jute export have already decreased to a large extent.

He said that if the exporters could not sell and export the high priced contracted jute to the overseas buyers, the loan defaulters in this sector will increase further for their no fault.

Karim appealed to the all opposition parties to accept the proposal of the Prime Minister to overcome the prevailing situation of the country through discussion, the press release added.

Britain cuts interest rate to 6 pc

LONDON, Mar 10: Britain cut its official interest rate to 6.00 per cent from 6.25 on Friday, the Bank of England said responding to low inflation pressure and falling output, reports Reuter.

The quarter-point cut, the third in four months to boost the flagging economy, had been widely expected by financial markets which barely reacted in the immediate aftermath of the news.

Banks and building societies quickly followed the move, cutting interest rates on home loans to millions of Britons.

The cut followed a regular monthly meeting on Thursday between Chancellor of the Exchequer (Finance Minister) Kenneth Clarke and bank of England Governor Eddie George.

Following my monthly discussion with the governor, I have decided to make a further quarter per cent cut in interest rates, Clarke said. The evidence has confirmed that inflationary pressures have continued to ease.

The chancellor said producer prices had weakened by

more than expected, and in the last three months producer input prices were almost four per cent lower than in the previous three months.

Economic growth remains healthy but GDP (gross domestic product) for the fourth quarter data confirm that output is currently growing below trend. This should exert continuing downward pressure on inflation, he said.

George's views on the rate cut was not immediately available.

You'll have to wait for the minutes of the meeting to see his view, a BOE spokesman said. George is regarded as an inflation hawk and has in the past year repeatedly cautioned Clarke against cutting rates too quickly.

Britain's biggest home loan company, the Halifax Building Society, cut its mortgage rate by 0.24 points to 7.25 per cent. We are delighted that bank base rates have fallen further, said Mike Balckburn, Halifax's chief executive.

Even before today's move, mortgage rates were at their lowest level for 30 years.

Turkish-Iraqi oil pipeline ready for operation

ANKARA, Mar 10: A joint Turkish-Iraqi pipeline closed since Iraq invaded Kuwait nearly six years ago is technically ready if Iraq resumes oil sales under a UN plan, authorities said Tuesday, reports AP.

Iraqi Oil Minister Amir Mohammed Rasheed said the pipeline is already ready for operations.

Once the Iraqi side starts flushing, we will open the pipeline at this end. There are no technical problems, the Turkish Energy Minister Sinasi Altiner said.

Rasheed visited the Turkish oil terminal at the Mediterranean town of Yumurtalik upon his arrival Monday.

The terminal is in a very good state. Turkey has done a good job on the terminal, the pipeline and the pumping stations, Rasheed told reporters here.

Under the UN plan, Iraq would be allowed to sell one billion dollars worth of oil every month for an initial 180-day period.

A portion of the funds generated through the plan would go to a UN fund to pay war reparations to Kuwait.

We are hopeful that the problems will be resolved in the second round of UN talks on March 11, Rasheed said.

Rasheed claimed there were no security problems in northern Iraq. The 986 km-long (592-mile) pipeline runs from Kirkuk through northern Iraq, where Iraqi Kurds have established a defacto state under the protection of a US-led allied air force based in Turkey.

The Iraqi government guarantees the pipeline up to the border, Rasheed said.

Iraqi Kurds support the oil sales deal because they will also take their share from it, amounting to some 150 million dollars.

Rasheed became the first high-level Iraqi official traveling to Turkey via northern Iraq. It's normal. The boundaries of Iraq are well-known, he said.

Russia's illicit drug market rapidly expanding

MOSCOW, Mar 10: Russia's illicit drug market is rapidly expanding because of the switch to a free-market economy and the disappearance of the tightly sealed borders of Soviet times, a top customs official said Tuesday, reports AP.

Anatoly Kruglov, Chairman of the Russian Customs Committee, told the Interfax news agency that hard drugs, mostly cocaine, have been flooding into Russia due to the "virtual absence" of borders within the former Soviet Union.

In former times, customs officials and the police mostly seized drug cargoes in transit via the Soviet Union to third countries, Kruglov said.



Participants attending the sixth video management seminar on time management sponsored by Rapport Bangladesh Limited in the city recently.

Commodity market: Prices of tea rise, oil, cotton fluctuate over the week

LONDON, Mar 10: The price of oil fluctuated a great deal this week, amid high anxiety ahead of Monday's resumption of talks between Baghdad and the United Nations, which may lead to Iraq oil returning to the international markets, reports AP.

The limited sale of Iraqi crude in return for humanitarian supplies seems increasingly probable to most traders. The market appears to have taken this "negative" factor on board.

Oil prices did enjoy a slight rally at the end of the week, due to continued cold weather in parts of Europe and North America, which drove up demand for heating oil.

Elsewhere in the commodities markets, cocoa prices were hit by forecasts of a giant harvest in Ivory Coast, the world's number one producer.

Grains prices also tumbled, because of sales by speculative investors. The same was true in the base metal markets, especially for tin, which is used to make metallic cans.

GOLD: Freefall. Gold fever that hit the market at the start of the year cooled off this week, as speculators who had driven prices to their highest levels since 1990 sold off their stocks.

On the London bullion market, the price of an ounce of gold (31.103 grammes) shed five or six dollars to 394 dollars per ounce, due to hefty sales by American investment funds.

They drove gold prices to 417 dollars in February, their

highest point for six years.

One analyst explained that "numerous dealers bought gold at the start of the year to counter uncertainties surrounding other markets."

Now that the risks have passed, investors have off-loaded their gold purchases.

A rush to buy gold in Taiwan before intimidating military manoeuvres by China off the coast had no immediate impact on prices.

SILVER: Fall. Silver followed the fall in gold, losing some 15 cents to 5.35 dollars per ounce.

PLATINUM AND PALLADIUM: Dull. The two precious metals found it hard to recover from the threat of large sales of stocks by Russia to cover its budget deficit.

Russia's Deputy Prime Minister Vladimir Kadannikov suggested again this week that Moscow might sell some strategic stock of platinum and palladium. The prospect of a glut of precious metal on the market kept prices below 135 dollars per ounce for palladium and 410 dollars per ounce for platinum.

The two metals are very important in the car industry, where they are used in production of catalytic converters, and in the electronics industry, where they are used in making microchips.

COPPER: Climb. Healthy demand sent copper prices up by some 20 dollars to almost 2,520 dollars per tonne.

Visible falls in stocks on the London Metal Exchange (LME) gave dealers some grounds for optimism. Strong demand in

the US, where the building and electrical sectors are key buyers, may reduce stocks further.

Reserves at the LME fell by 4,450 tonnes to 343,525 tonnes over the week.

LEAD: Plummet. Speculative sales drove prices down by some 20 dollars to 740 dollars per tonne.

A seasonal fall in demand is expected as the northern hemisphere crawls out of winter. Lead, which is used primarily in the manufacture of car batteries, is bought most of all during cold weather, when batteries are replaced most frequently.

A fall of 2,375 tonnes in LME stocks to 98,450 tonnes did not boost the market.

ZINC: Solid. The metal held firm at around 1,050 dollars per tonne, hardly affected by the fluctuations in the other metals.

Some 2,9950 tonnes left LME warehouses this week, giving a total of 630,600 tonnes. But this was not enough to attract investors to this metal, which is used mainly in anti rust treatments.

ALUMINIUM: Depressed. LME stocks of this metal soared (up 21,000 tonnes to 701,225 tonnes), as increased demand was outstripped by a jump in production. As a result, prices slipped some 20 dollars over the week to 1,600 dollars per tonne.

But a glimmer of hope came from Russia, which produces cheap, low grade aluminium. Russian experts predicted that domestic output may fall in the face of electricity price hikes

that will raise production costs.

NICKEL: Plummet. This metal, used in alloys, plummeted to around 7,800 dollars per tonne under a wave of speculative sales.

Stocks on the LME fell by 1,158 tonnes to 37,464 tonnes.

TIN: Tumble. The price of this metal, used in the casing industry and soldiers, fell a hundred dollars to just above the 6,000 dollars per tonne mark, as speculators sold off stocks.

Tin was hit by rumours of large sales by the world's leading producer, China. But the country abided by a quota system put in place by the main producing countries. Last Beijing exceeded its theoretical sales limit.

A fall of 385 tonnes in LME stocks to 9,840 tonnes had little impact on the market.

OIL: Edgy. Prices at first fell sharply on fears that Baghdad had accepted UN resolution 986, which would enable Iraq to export limited amounts of oil for humanitarian purposes.

On Monday, the North Sea Brent crude oil reference price (delivery in April) was at 17.40 dollars per barrel. Dealers are more and more convinced that Iraqi crude will return soon to the international oil markets, which are already burdened by over supply.

Experts were particularly worried at publication of an article in one of the government newspapers in Baghdad announcing that Iraq had accepted the UN resolution.

If Baghdad does so, this will

allow it to sell 700,000 barrels of crude oil a day, sufficient to destabilise an already fragile market.

But in the second part of the week, prices recovered strongly, gaining one dollar to 18.40 dollars per barrel.

This rally was due to both technical and speculative reasons. A plunge in us crude oil stocks prompted speculators to pile into the market. And continued cold weather in some parts of Europe and North America (which drives up the demand for heating oil) contributed to the gains.

RUBBER: Slide. The reference price slid because of unimpressive demand to reach around 1,075 pounds per tonne, a fall of 40 pounds.

Even if the rubber trees in Southeast Asia are in their low season (during the "wintering" period when they replenish their foliage), rubber stocks in the region remain too large for the market to be concerned.

COFFEE: Fall. An abundant harvest in Ivory Coast, the heavyweight of the cocoa world, caused prices to crash to a low point since mid-1995. At 893 pounds per tonne mid week, before recovering to above 900 pounds.

In Ivory Coast, the crop this season (which runs from October 1995 to September 1996) is estimated at between a million and 1.5 million tonnes, according to experts.

This would represent a record harvest for this crop, and increase its share of world output above the current third it already enjoys.

The same is true of the

world's number two, Ghana, which is expected to harvest a total of 330,000 tonnes, a high for 10 years.

But it is a possibility that in West Africa, this year's bumper harvest may be succeeded by a modest crop in 1996/97.

The cocoa harvests are in fact highly cyclical: a healthy crop is often followed by a poor one.

A downturn in output in this region would be a worrisome prospect, since no other area in the world can replace the African plantations which produce two thirds of global cocoa output.

COFFEE: Indecisive. The coffee market was indecisive this week, and the price hovered between 1,800 and 1,850 dollars per tonne.

The market appeared to disregard a comment from an official of the Association of Coffee Producing Countries (ACPC) about the possibility of raising the current ceiling on exports from July 1996.

Since July 1995, a plan limiting exports has been in place. A rise in the quotas of exporting countries would enable them to unwind their green coffee stockpiles, which for some are very high and costly to maintain.

TEA: Rise. Prices have advanced somewhat this week, after the fall early this year, especially for African teas, and the price of medium-quality leaves rose by one penny to 96 pence per kilogram.

SUGAR: Flaming. The market seems to be suspended in a never-never land, with

prices still clinging to the summits after months, despite the recent announcement that a huge world harvest is expected for this year.

The price held steady at around 360 dollars per tonne, defying the predictions of market specialists, who have been forecasting a collapse in the price of sugar since August 1995.

Traders remain swayed by the current weak level of supplies and healthy demand.

VEGETABLE OILS: Varied. The price of soy oil on the Rotterdam market suffered from the heavy losses soy sustained this week in Chicago, after the tumble there in grain prices.

Soya lost 3.5 guilders to 87 per 100 kilograms. Rape seed fell by 2.5 guilders to 84 guilders per 100 kilograms, while sunflower oil retreated 15 dollars to 565 per tonne.

But palm oil gained around 10 dollars to 510 dollars per tonne, supported by the prospect of a Pakistan order for Malaysian oil.

GRAIN: Crumble. American cereal prices tumbled as investment funds decided to pull out of some of their contracts on the Chicago futures market.

Dealers judged that some profit taking was in order given the continued rise in prices over recent weeks.

Nonetheless, a modest harvest is expected as the American great plains, the world's leading grain producing region, were still without rain. Drought has been threatening the winter wheat.

European grains suffered from the fall in the US and from the European Union's export limitation plan. Wheat prices fell by two pounds to 115 pounds per tonne of wheat, while barley held firm at 108 pounds per tonne.

COTTON: Roller coaster. The American market rose and fell this week, but weak domestic purchases and slowing exports pulled the market down slightly. However, drought in one of the country's most important cotton growing states, Texas, kept prices from falling steeply.

Nonetheless, dealers feared that heavy rains in Brazil might hit the country's harvest, giving a lower than expected crop.

On the physical market, prices slipped slightly to between 82 and 83 cents per pound from 83 cents, according to the cotton outlook index.

WOOL: Muffled. Wool prices held firm at 4538 pence per kilo with poor Asian sales countered by hefty purchases on the Bedford market in England. Dealers showed considerable interest in course wools used for mattresses and carpets.

The British wool marketing board said that "despite poor trading conditions in the international wool markets, British producers sold a record 14 million kilograms" of wool.

In contrast, the Australian market remained subdued, with prices falling to their lowest point this season in the face of large unsold stocks.