The Daily Star
BUSINESS

DHAKA MONDAY, JUNE 17, 1996

Pakistan keen to export items worth $1b in '96

ISLAMABAD, June 16: Pakistan is willing to export one billion US dollars worth of items including rice, molasses, edible oil, cement, fruits and minerals by the end of 1996. The remarks were made by Nooruddin Ahmed, Chairman of the Public Sector Trading Corporation of Pakistan, who met with a trade delegation from South Korea in Karachi today, reports Xinhua.

Ahmed said that his corporation has exported rice and fruits to Bangladesh as well as some European and African countries.

He said that the corporation has also set up joint ventures with various countries including Indonesia and the Philippines.

The aim is to bring in modern technology to develop rice milling crude palm oil refining and fruit processing, he added.

The South Korean delegation showed interest in joint ventures in various fields, processing and mincing in particular.

They also showed interest in importing Pakistani fruits and rice.

Both sides agreed to examine various proposals for business expansion between the two countries.

Workshop on time management ends at BIBM

A two-day workshop on 'Time Management' conducted by Bangladesh Institute of Bank Management (BIBM) concluded in the city on Sunday, says a press release.

The workshop was arranged with a view to developing knowledge about utilisation of time in an effective manner and to grow skill about the techniques of managing time.

The Director General of BIBM, A.H.M. Nurul Islam Chowdhury, presided over the concluding session and gave away certificates among the participants.

The workshop mainly dealt with time management and managerial effectiveness, time planning and control, time analysis techniques, time and delegation of authority and time management, time management and decision making etc.

The workshop was coordinated by A.T.M. Abdus Shahid and Prashanta Kumar Banerjee, BIBM Faculty Members.

A total of 29 Participants from banks and financial institutions attended the workshop.

World's largest blue sapphire in Thailand

BANGKOK, June 16: The world's largest documented uncut blue sapphire is in Thailand and a germ agent said yesterday he was hoping to sell it for several million dollars, says Reuter.

Jeffrey Bergman, Director of Gem Source, is the exclusive agent for the football-sized, translucent blue sapphire, found by a European mining consortium late last year in Madagascar.

"It arrived early last month, and I was rather shocked when I opened up the box and saw it," Bergman told Reuters. "It's huge, it weighs approximately 18 kg (40 lb)."

Tk 178 cr German grant for Bangladesh

Abu Saleh, Jt Secretary of Economic Relations Division and Roland Grafe, Charge d' Affaires of German Embassy, seen signing an agreement in the city yesterday.

Bangladesh will receive a German grant worth Taka 178 crore equivalent to 70 million Deutsche Mark under bilateral financial cooperation programme, reports UNB.

An agreement to this effect was signed between the two governments here yesterday.

Joint Secretary of the Economic Relations Division Abu Saleh and Charge d'Affaires of German Embassy here Roland Grafe signed the agreement.

The fund will be utilised for construction of a 230 kv power transmission line from Comilla to Chittagong (Tk 140 crore) and non-formal education of the Bangladesh Rural Advancement Committee (BRAC), phase two (Taka 38 crore).

The projects are in line with the common understanding of both the governments that Bangladesh and Germany would concentrate their future development cooperation on the priority areas of access of the poor to basic physical infrastructure and poverty alleviation with focus on human resource development, especially primary education and vocational training.

Self-help activities for poverty alleviation, physical infrastructure for energy, railways and rural roads and promotion of private small and medium-scale industry will remain to play a key role in the future cooperation, said a press release.

Unnayan Samannay study reveals

Households equipped with electricity earn double

Average income in households with electricity is almost double that of households without power in villages which have been electrified, a study revealed, reports UNB.

Also, according to the findings, poverty rate for villages served by Palli Bidyut Samity (PBS) is only 34 per cent while nationally 46 per cent population lives below poverty line.

The study, titled "A Socio-economic Impact Evaluation of the Rural Electric Programme in Bangladesh", was administered by Unnayan Samannay, a development research organisation, in Association with Development Design Consultants Limited.

Electrification has clearly resulted in greater income and more job opportunities for villagers. It is linked to better healthcare and more sanitary living conditions.

Respondents resoundingly credit electricity as a primary influence in bettering the education of children, easing burden of and opening opportunities for women, and in breaking down the isolation of rural villages.

The study said the single greatest household economic impact of electrification, as identified by recipients, is electricity for deep-tube irrigation wells, even though the number of people who can directly take advantage of this application is still relatively limited.

"Nevertheless, crop yields are up in electrified villages, as are job in agriculture and the rates paid to agricultural labourers."

Referring to impact of rural electricity on off-farm income, the study found that off-farm income soared with the advent of electricity. It jumped by two-thirds for electrified homes in PBS-served villages and by one-third compared with those living in non-electrified villages.

A significant proportion of the respondents — 41 per cent — perceive that there has been a significant change in their standard of living after rural electrification. Another 54 per cent think that there has been at least some changes, even if those may not be termed significant.

However, only four per cent think that there has been no tangible change in their standard of living after getting electricity.

The study further revealed that households with power save 40 per cent money annually than neighbours without it, and 30 per cent more than households in non-electrified villages. They have correspondingly greater access to credit, which has fueled increased investment in farm and off-farm activities.

In terms of commerce and industry, one entirely new segment of the economy has developed through the rural electrification programme. The Rural Electrification Board (REB) and the PBS employ 6,000 people and an additional 22,000 jobs have been created by electric manufacturers, suppliers and retailers.

Existing commercial enterprises in PBS villages receive a substantial boost from electricity. While electricity costs 60 per cent more than other energy sources, business owners are happy to pay this and more as long as service is reliable, for the brighter, more secure atmosphere it creates.

Electrical businesses stay open longer and do a third more business a day. They also hire more employees at higher salaries thana in non-electrified villages.

Industry moves slowly into electrified areas, but the more well-established PBSs, which also have seen the development of other basic infrastructure, have begun to benefit from the establishment of larger industrial consumers, such as textile mills.

"Small industries, such as saw mills, rice-husking mills and icecream factories, respond more quickly to rural electrification and sell a majority of their products in local markets". The better-established industries make positive uses of local resources, said the study.

But vast rural areas of the country still remained out of the power supply network, which now covers only 17,033 villages out of some 68,000.

Currently, about 15 million people receive electricity through the rural electrification programme.

Till the end of 1995, there were 54 approved PBS in the country, of which 45 were commercially energized. Approximately US dollar 500 million has been spent to establish these PBSs, which provide electricity to more than 1,200,000 metres — 1,023,033 domestic, 155,751 commercial, 45,718 irrigation, 25,348 industrial and 5,740 street lights in 17,033 villages.

Beximco Pharma declares 40 pc dividend, 4:1 bonus share

Beximco Pharmaceuticals Limited has declared 40 per cent dividend and 4:1 bonus share for its shareholders, says a press release.

The declaration was made at the 20th annual general meeting of the company held at Sonargaon Hotel on Friday with ASF Rahman in the chair.

Vice Chairman Salman F Rahman, Managing Director D H Khan and directors Iqbal Ahmed, M A Quasem, ANM Sulaiman Chowdhury, OK Chowdhury, Dr Farida Huq and CH Rahman attended the meeting.

Total sales during 1995 was Taka 2.025 billion, up by 23 per cent over the previous year's 1.65 billion. Gross margin went up by 21 per cent to Taka 580 million from previous year's 479 million.

Net pre-tax profit stood at Taka 332 million as opposed to Taka 300 million in 1994.

Export sales was Taka 148 million of which Basic Chemicals accounted for about 95 per cent.

The company contributed Tk 333.27 million to the national exchequer.

A large number of shareholders participated in the meeting and expressed satisfaction over the continued growth of the company in forms of turnover and profit.

Beximco Infusions announces dividend

Beximco Infusions Limited declared 20 per cent dividend at its sixth annual general meeting held at Sonargaon Hotel on Friday, says a company press release.

The meeting was presided over by ASF Rahman, Chairman of the Board. Salman F Rahman, Vice Chairman, D H Khan, Managing Director, and Iqbal Ahmed and M A Quasem, directors of the company, also attended the meeting.

At its third year of operation the company achieved a total sales of Taka 155 million, six per cent of which came from export. Net pre-tax profit went up by 14 per cent to Taka 34 million. The company contributed Tk 45.47 million to the national exchequer.

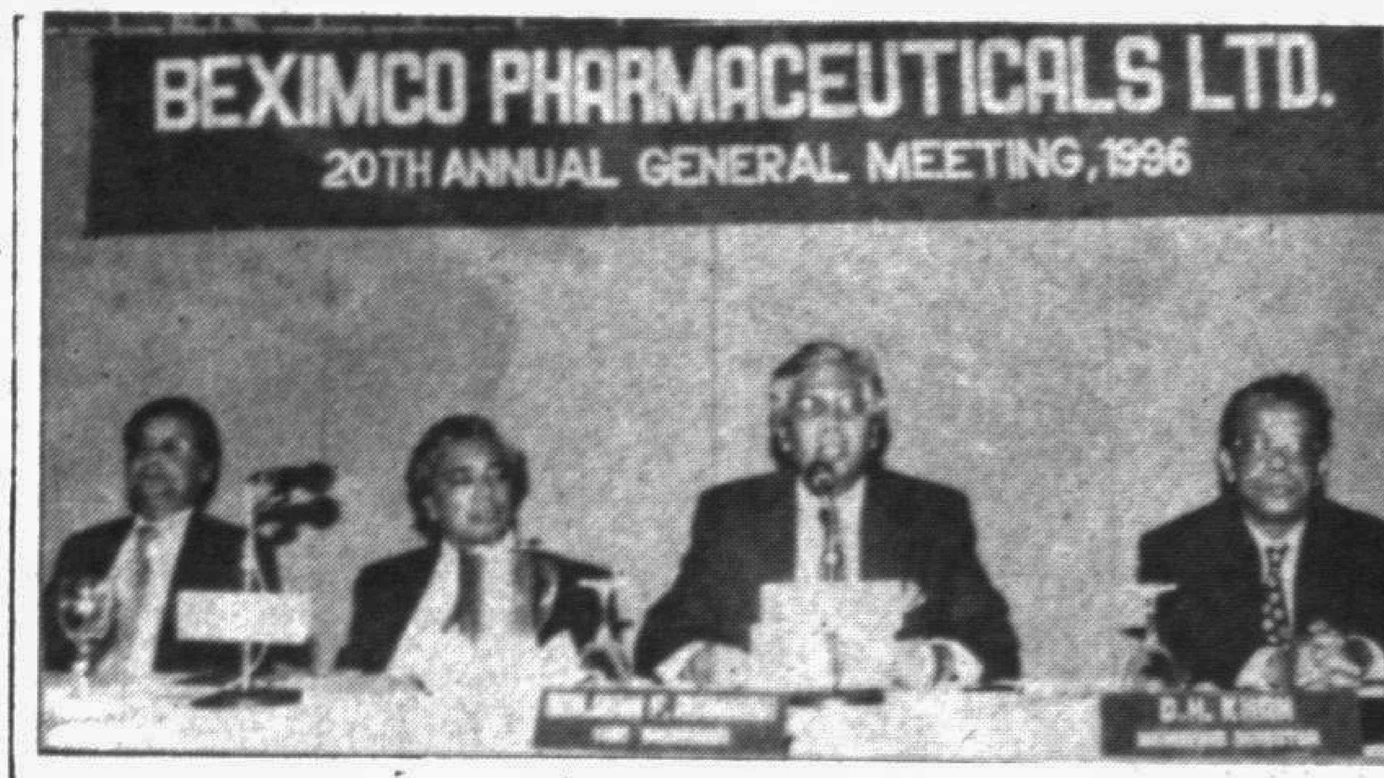
A large number of shareholders participated in the discussion session of the meeting and expressed their views and suggestions for the development and growth of the company.

Georgia lifts controls on bread prices

TBILISI, Georgia, June 16: The Georgian government lifted state controls on bread prices Saturday, offering only a modest compensation to the ex-Soviet republic's impoverished people, says AP.

The price of a 2.2-pound loaf of bread rose from 33 cents to 47 cents in the capital, Tbilisi. The average monthly wage in Georgia is around eight dollars and the government promised a monthly allowance of 1.2 dollar to compensate for price hike.

Authorities said it had grain reserves to sell to try to drive down prices in case market prices went too high.



Beximco Pharmaceuticals Ltd. held its 20th annual general meeting at a city hotel on Friday.

European job summit concludes

ROME, June 16: Europe's Job summit ended Saturday with a call for nations to develop innovative ways of organising work and modernise the labour market to combat unemployment in the European Union, but failed to make any binding commitments, reports AFP.

"Innovating ways of organising work can meet companies' needs for flexibility and employees' wishes for a better relationship between work and family life," said Italian Labour Minister Tiziano Treu, who presided over the meeting.

Presenting the conclusions of the two-day summit which brought together employers, governments and unions, Treu said new measures should be achieved "through collective bargaining at all appropriate levels" in Europe, where 18 million people are out of work.

However, the conference did not specifically advocate a reduction in time at work.

At the close of the meeting, employers and unions announced they would open negotiations soon over the issue of part-time work but any resulting plan would be without the involvement of governments or the European Commission, the EU's executive branch.

Only eight of the 15 European member states sent labour ministers to the conference, designed to prepare a dossier on jobs for the European summit in Florence on June 21-22.

Britain, Germany and Spain sent senior civil servants while France was represented by its junior Employment Minister Anne-Marie Couderc. It was also attended by members of the European Union trades union confederation and European community union of industries.

The summit's conclusions reflected the pact for jobs presented in January by European Commission President Jacques Santer.

They also referred to the "European social model" championed by French President Jacques Chirac which advocates encouraging economic growth while protecting social welfare.

The summit recommended a combination of measures — negotiations at all levels to modernise the labour market, national political efforts towards economic stability, realisation of a unique European market, simplification of national employment systems and more European investment, notably for communications, and the transfer of EU structural funds towards employment.

However, European sources said the jobs issue risks being overshadowed at next week's Florence summit by the crisis over "mad cow" disease. The jobs pact will also have to confront the reluctance of employers to make any binding commitments and the reticence of governments to invest, although the Florence summit will be asked to give a "clear signal" on the size of investment.

Thai garments sales may outstrip exports in '96

BANGKOK, June 16: Domestic sales of Thai garments and textiles are expected to outstrip exports in 1996 as European demand weakens and the local market gains strength an industry leader said yesterday, reports AFP.

Domestic 1995 sales of garments totalled 120 billion baht and textiles 70 billion baht, said Viroj Amatakulchai, Chairman of the National Federation of Thai Textile Industries.

Exports totalled 135 billion baht for garments and 55 billion baht for textiles in the same year.

Viroj said the domestic market had been strengthened by the arrival of so-called supercentre outlets for middle-priced garments, while exports have been hit by weakness in European demand.

"In the past the domestic market was served by two main outlets. The first was the department store for high-end products. The other was the big low-end market with small stalls. Now we have the supercentre," Viroj said.

Thailand's regional giant, the charoen phokpand group, is opening new lotus supercentres at the rate of about eight stores a year, he told reporters at the opening of a garment, fabric and textile machinery exhibition.

Meanwhile, the two biggest domestic department store companies serving the high-end, central and Robinson, have joined forces with their big centers to stake a claim in the medium-priced market, the fastest-growing segment.

"The garment cost is quite competitive. They are not brand name garments, but good quality. The new middle-market outlets are so crowded. The supercentre in the near future will be the biggest source of sales in the domestic market," Viroj said.

Spending power was increasing across the country, and the new outlets tapped into a growing market that would keep sales rising during the slump in exports.

"Our projection was for about 12 per cent increase (in 1996 exports), because that is what we had last year. But it looks difficult for this year, so may be only five per cent," he said.

Exports were off because buying power throughout Europe, but especially in Germany which has been Thailand's biggest market, had fallen dramatically, Viroj said

Inflation remains biggest problem in Zimbabwe

HARARE, June 16: Zimbabwe's Finance Minister Herbert Murerwa has said inflation remained the biggest problem in Zimbabwe's economy and the private sector should make suggestions on ways to tackle it, reports Xinhua.

He made the remarks at the Zimbabwe National Chamber of Commerce congress on Thursday at Victoria Falls town in north Zimbabwe.

He said fiscal and monetary policies adopted by the government had failed to stem inflation, now estimated at around 24 per cent.

Describing the Zimbabwean economy as overheated, Murerwa said it had failed to create meaningful wealth jobs and perpetuated poverty for the common people.

Commodity market: Prices of gold, oil, tea fall over the week

LONDON, June 16: Record losses unearthed at Japanese trading house Sumitomo Corp. thundered late this week through the London Metal Exchange (LME), which is the most important market place for copper in the world, reports AFP.

After an initial slump in prices on Friday morning, prices picked up later in the day and showed a net loss of just six per cent during the day's trade.

The market was electrified as events here unfolded. Britain's serious fraud office, a band of police officers who turn a beady eye on any financial irregularities, announced that they had launched an inquiry into the huge losses run up by Sumitomo.

The Japanese giant announced on Friday that it had suffered losses of 1.8 billion dollars from irregular trades carried out by its star head trader on the London and New York markets.

Among other commodities, the week went by no great surprises. Oil prices fell after petrol slipped on the New York futures market.

GOLD: Tarnished. Gold has lost its sparkle after a dazzling start to the year and continued to sink this week.

The price of an ounce of gold (31.103 grammes) was just above 383 dollars on the London bullion market, from 385 dollars at the end of last week.

Dealers and speculative investors, who had snapped up the metal at the start of the year, quit the market.

Gold took no shine from a string of figures released in the United States this week, which included output prices and the consumer price index. Analysts said that only wild fluctuations in the value of the dollar could re-awaken the market from its slumber.

SILVER: Slip. Following in the wake of gold and falls across the base metals complex, silver plummeted this week.

The metal fell below the five dollar per ounce mark on New York futures market to a low of 4.93 dollars per ounce before picking up slightly at the end of the week to more than five dollars.

It was the first time that silver had fallen below five dollars per ounce for 14 months. One dealer said that "the base metals fell and pulled silver down with them."

PLATINUM: Flat. Platinum prices were flat this week after they hit their lowest level since May 1994 last week. Platinum was worth 392.75 dollars per ounce from 392 dollars last week.

COPPER: Somber. The massive losses of Sumitomo Corp. of Japan on the international cooper markets revealed on Friday sent the market here into a feverish state, but did not provoke the collapse in prices some had feared.

Prices on the London Metal Exchange (LME), where copper is traded, even managed to firm after an initial bout of weakness.

The reference price for delivery in three months' time was 2,045 dollars per tonne by mid-afternoon, six per cent less than the price at the close on Thursday.

Over the week, prices were down around 150 dollars. Traders were "extremely nervous", afraid to take positions on the market in the wake of Sumitomo's announcement, Angus MacMillan, an analyst with Billiton Metals, said.

Giant Japanese trading house Sumitomo Corp. made a shock announcement Friday that its start dealer had run up losses of 1.8 billion dollars in unauthorised trading in London and New York over a period of ten years.

Sources close to regulatory circles here said that the huge losses had been discovered as a result of an enquiry by British and US regulators into cooper price volatility on international markets.

The president of Sumitomo said that the inquiry began in December, and uncovered a dubious financial transaction at the company in March.

Last week, the copper market experienced sharp swings and in the space of a few hours on Thursday, June 6, plunged by 15 per cent to its lowest point since May 1994.

Some traders quoted by the British press linked this sudden plunge to dealing by Sumitomo. But the billion metals expert cautioned: "for the moment, no one can be sure of this, and we should withhold judgement."

The LME said in a statement that it was confident that the market was "sufficiently robust" to weather the storm unleashed by the massive Japanese losses.

The market was reassured Friday by a big drop in copper reserves, of 23,525 tonnes to 284,800 which pointed to strong demand. Some experts believe that China is snapping up large quantities of the metal.

LEAD: Slide. The price of lead fell by over 40 dollars to 780 dollars per tonne, dragged down by copper's decline and the prospect of weak demand this summer.

Lead is used principally to make car batteries. Manufacturers of this product tend to cut back on output in the summer, when car batteries last longer than in the winter months.

ZINC: Stable. The price of this metal used in anti-corosive treatments ended the week at 1,035 dollars per tonne, a slight fall of five dollars from the Friday before.

Stocks on the LME grew by 750 tonnes to 595,800 tonnes.

ALUMINIUM: Fall. This metal plunged sharply midweek as a wave of speculative selling brought aluminium prices to a 22-month low.

But traders, attracted by the bargain-basement prices on offer, returned to the market the next day, enabling the metal to recoup its losses.

GNI trading house said dealers were engaging in short-covering —grabbing supplies in case of a sudden take-off in prices — ahead of the Russian presidential elections on Sunday.

If communist challenger Gennady Zyuganov wins outright in the first round on Sunday, a highly unlikely outcome with polls showing President Boris Yeltsin firmly ahead, this would send metal prices soaring.

Russia is a major producer of aluminium and political chances accompanying a Communist victory might disrupt Russian supplies to the world market.

Aluminium still ended the week down 21.5 dollars at 1,516.5 dollars per tonne, with sentiment undermined by the continued build up of stocks at the LME.

Reserves rose by 18,150 tonnes to 883,300 tonnes during the week.

However, aluminium avoided being dragged down by the slide in cooper prices on Friday provoked by Sumitomo of Japan's disclosure of massive losses on the international copper markets.

NICKEL: Steady. Prices remained broadly stable, despite some fluctuation, at around 7,890 dollars, per tonne.

The end of strike action of the world's leading nickel producer, Norilsk in Russia, failed to influence trading.

LME stocks fell by 1,116 tonnes to 33,576 tonnes.

TIN: Off. Tin fell by some 15 dollars to 6,215 dollars per tonne following the fall in copper and a buildup of stocks on the LME, which rose by 565 tonnes to 10,500 tonnes.

OIL: Slip. A sharp fall in petrol prices in the United States caused crude oil prices to fall by 50 cents at the end of the week, after they had remained stable at about 18 dollars per barrel in previous days.

American dealers were influenced by a rise in crude reserves held in some regions of the United States.

The market followed the latest spat between Baghdad and the United Nations (UN), which centred on a proposed UN inspection of Iraqi weapons, very closely.

Baghdad refused to let a team of 50 UN inspectors who were seeking out banned military equipment to enter military sites on grounds of national security.

Dealers were worried that this latest crisis might delay the implementation of an accord that was reached at the end of May on a return of Iraqi oil to the international market.

A return of limited amounts of Iraqi crude was expected in the coming few weeks.

RUBBER: Soft. Weak demand and burgeoning supply sent rubber prices downwards this week. In London, the rubber index fell by 25 pounds to 1,002.5 pounds per tonne. European and US tyre manufacturers did not buy up large amounts of rubber.

COCOA: Steaming. As dealers became more and more convinced that the next harvest in Ivory Coast will diminish, prices rose by 40 dollars to about 1,140 pounds per tonne.

Dealers here predicted that the 1996/97 harvest in the West African state would be much later than last year.

In addition, they were convinced that the harvest would be below last year's record harvest of more than one million tonnes in the world's leading producer country.

COFFEE: Strong. Coffee prices rose by 20 dollars to about 1,750 dollars per tonne.

One dealer said that the market seemed to have reached a peak. American data predicted that the global coffee harvest for the 1996/97 season would be plentiful at 99.1 million sacks (60 kg each), compared with 86.8 million in 1995/96.

Brazilian output was also expected to grow by about eight million sacks to 27.5 million sacks. But neither of these predictions had much impact on the market.

Dealers still feared a return of cold weather in Brazil. GNI said that temperatures will fall there next week and some frost may strike plantations as a mass of polar air drifts northwards.

In 1994, frost ravaged Brazilian production because coffee bushes are extremely sensitive to the cold.

TEA: Tumble. The London auction houses recorded a fall in demand for teas from East Africa and prices fell as a result. Average prices dipped by four pence to 108 per kilo.

SUGAR: Sweeter. The price of sugar gained a few dollars this week to around 347 per tonne. Prices are being supported by the lack of available supplies on the market.

Import orders placed by Sri Lanka and Algeria gave a fillip to prices. Experts at trading house Czarnikow said that the market was little affected by the prospect of floods of new supplies after bumper harvests this year in several countries.

Delays affecting the harvesting of the Brazilian sugar crop are part of the reason for traders' sang-froid, Czarnikow said.

VEGETABLE OILS: Slippery. The prices of vegetable oils were variable this week on the Rotterdam market. Soya oil gained four guilders to 98 guilders per 100 kilograms, responding to a surge in soya prices on the Chicago market, itself driven by Chinese buying and a rally in wheat prices.

But in contrast, palm oil held steady at 510 dollars per tonne, while in Kuala Lumpur prices slipped a little.

Sunflower oil rose by five dollars to 575 dollars per tonne, rape seed oil gained 3.5 guilders to 98.5 per 100 kilograms.

GRAINS: Split. Grain prices reacted only slightly to publication of data on world and US grain stocks this week. On the London market, prices dipped by about four pounds to 119.5 pounds per tonne, while in Chicago the price of a bushel of wheat (27.216 kg) for delivery in July rose by 10 cents to five dollars.

The market continued to be hit by rumours of a cancellation of Chinese imports and also by the possibility that a current export ban on Chinese maize might be lifted.

The American Agriculture Department slightly raised its estimate for the 1996 harvest of winter wheat to 37.28 million tonnes from 37.12 million tonnes. This contrasted with a reduced estimate of the wheat harvest for 1996/97 by the International Grain Council. It expects a harvest of 562 million tonnes compared with its previous estimate of 537 million tonnes.

COTTON: Folded. The cotton outlook index folded by one cent to 83 cents per pound. The fibre suffered from rumours that a large quantity of cotton might be released on to the market from Arizona and Texas by July.

WOOL: Stable. The British index held firm at 428 pence per kilo. In Australia, Taiwanese and Japanese buying kept prices high.