

The Baily Star DISINFSS

HYUNDAI

CARS THAT MAKE SENSE

Abu Dhabi set to launch biggest Islamic Bank

Gulf Emirate of Abu Dhabi is set to launch the world's biggest Islamic bank to take advantage of the growing regional demand for such financial institutions. bankers said Saturday, reports

The capital of the bank, to be based in Abu Dhabi, will be higher than the capital of any other bank in the United Arab Emirates (UAE), they said.

The Abu Dhabi government has almost completed procedures for the creation of the bank, which will be partially owned by the private sector. "So far we do not have

KUALA LUMPUR, Sept 15:

ABU DHABI, Sept 15: The enough information about the bank's capital its stature and the date of its opening. But a large part of its capital will be raised through public subscription in the UAE." a local bank manager said.

It will be the second Islamic Bank in the UAE after the Dubai Islamic Bank (DIB), the biggest Islamic Bank in the world in terms of paid-up capital, which stood at 420 million dirhams (114.4 million dollars) at the end of 1995.

Bankers said the new unit would be highly feasible as there is strong demand for Islamic Bank services in the UAE and other conservative Gulf

Quoting unidentified officials, the UAE economic weekly Emirates today said the bank's majority shareholders included the Abu Dhabi government and

local businessmen.

The remaining shares will be floated in the local market. "An Emiri decree setting up the bank and defining its statute, activities and capital is

expected to be issued shortly."

the magazine said. The creation of the bank follows the collapse of the Bank of Credit and Commerce International (BCCI) in 1991 for allegations of massive fraud.

Malaysia's consumer prices rise

Malaysia's consumer prices clothing, footwear and beverrose by 3.5 per cent year-onyear in August, slower than the This brought the average in-3.8 per cent rise in the two preceding months as the economy heads for a soft landing, official data showed, says AFP. 3.4 per cent last year.

The statistics department, releasing its latest economic data late Saturday, said a lower rate of increase in the cost of food had contributed to a lower Consumer Price Index (CPI) for August.

In that month, the index for food registered an overall decrease of 0.3 per cent, while the cost of fruits, vegetables, meat and oil and fats also logged lower price increases.

Increases in cost of gross rent, fuel and power, medical care and health expenses were ages and tobacco, it said

flation rate to 3.6 per cent year on year for the January to Au gust period Inflation stood at

The department said the 3.6 per cent rise for the eight month period was largely due to economy has been logging avera 5.6 per cent increase in the age annual growth rates of cost of food and 3.6 per cent rise in the cost of recreation, enter tainment, education, cultural services, medicalcare and health expenses.

A 3.1 per cent increase in the cost of rent, fuel and power also contributed to inflationary pressure for the eight-month period, the department said.

Analysts said the latest inflation data showed that the

Industries Secretary, M Akhter Ali, visiting central control room of Zia Fertiliser Factory

at Ashuganj on Saturday. A I M Nazmul Alam, Chairman of BCIC also seen in the picture.

US stocks hit record highs

680.54, eclipsing its old high at

678.51, set May 24. The NYSE's

composite index rose 3.97 to

363.70, just 4 cents shy of its

The Nasdaq composite index

rose 22.85 to 1,188.66, and the

American Stock Exchange's

market value index rose 3.60 to

The government reported

Friday morning that the August

consumer price index edged up

just 0.1 per cent and retail sales

rose by a weak 0.2 per cent. Both

were below analyst predictions

and caused bond prices to soar,

pushing the interest rate yield

on the benchmark 30-year

Treasury bond below 7 per cent

The statistics built confi-

for the first time in two weeks.

dence in the financial markets

all-time best.

570.26.

balanced by lower price rises in central bank's tight monetary policies, implemented since October last year, were slowly reining in inflationary pres

> "It also shows that the cen tral bank is aiming for more sustainable growth at a healthier momentum," a local economist said. The domestic age annual growth rates of above eight per cent since 1987. prompting fears it is overheat

The central bank last week said the economy grew by a slower rate of 8.4 per cent in the second quarter to June, compared with 9.6 per cent in the same period a year earlier.

The government aims to slow growth to 8.3 per cent this

BSB employees hail govt Officials and employees of

Bangladesh Shilpa Bank Saturday hailed the government for "withdrawal" of the BSB managing director and demanded that a career banker be appointed to the post, reports

The bank's officers union and employees union jointly brought out a procession and held a "victory" rally at the head office at Motifheel after MD Suhel Ahmed handed over official charges in the morning

Ahmed has earlier been promoted to additional secretary and posted as director general of the NGO Affairs Bureau. The unions have been in a movement following his posting in the Bank last February.

Acting MD Mahmudul Karim, General Mangers Yusuf Ali Hawlader and Salehuddin Kashem, officers' union President M Obaid Ullah and General Secretary M Abdul Motaleb Mia, employees union President Siddigur Rahman Khan and General Secretary Kazi Abul Bashar spoke at the rally

Appreciating the government step, different speakers charged the former MD with various "irregularities and misdeed during May June period which resulted in decrease in recovery of term loans.

Because of his activities they claimed, recovery of term loans fell by Taka 12 crore during the last fiscal (1995-96) when only Taka 52 crore was realised as against Taka 64 crore in the previous year.

The speakers also alleged that Ahmed transferred some 150 officers employees and ha rassed a number of others during last six months, and breached administrative discipline of the bank.

Two jailed for smuggling cigarette in Singapore

SINGAPORE, Sept 15. Two men have been jailed for over seven years after failing to pay a fine of more than two million Singapore dollars (1 42 million US dollars), slapped on each of them for smuggling cigarettes into the city-state, reports AFP. The Sunday Times said Oh Tian Sang, 35, and Ong Hwa

Soon, 43, faced charges of smuggling cigarettes into the city-state. The Sunday Times said Oh Tian Sang, 35, and Hwa Soon, 43, faced charges of smuggling cigarettes worth 197,720 dollars without paying duties, and

evading a goods and services tax

on the contraband. They pleaded guilty after being arrested Wednesday by officers of the customs investi gations branch who intercepted the cargo, the newspaper said.

They were each sentenced to seven years and two months in jail. Two other men were also arrested but they opted to contest the charges.

The prosecution asked for a deterrent sentence on Oh and Ong, saying the government stood to lose a substantial amouth of revenue on the contraband.

Smuggling of cheap duty-unpaid cigarettes would also hamper the government's efforts to discourage smoking. Customs Prosecution Officer Zainal Abiden was quoted as saying.

The two men were fined 2.25 million dollars each by a district court Thursday and sent to jail when they failed to raise' the money, the report said.

Singapore has some of the toughest laws in Asia against smoking. The island imposes hefty taxes on cigarettes, making smoking a highly expensive



Cotton Mills Ltd after formally inaugurating the newly set up mills, an enterprise of Partex Group, yesterday. - Star photo

IMF gold sale discussion postponed

WASHINGTON, Sept 15: Discussions on the controversial Michel Camdessus said in a proposal to sell IMF gold re- statement. serves to help poor countries were put off at least until next week. International Monetary Fund officials said Friday, reports AFP

The IMF board met Friday but members ended the meeting without a decision on selling up to two billion dollars worth of gold, a plan flercely opposed by Germany but supported by the United States and Britain.

The Executive Board conducted its discussions Saturday over the continuation of ESAF (Enhanced Structural Adjustment Facility) and the HIPC Heavily Indebted Poor Countries) in an extremely cooperative and constructive spirit.

"IMF Managing Director He said the discussions had

to be interrupted in the evening to discuss a scheduled review of the IMF's Russia programme. "We will continue in the

same spirit to conclude the work of the executive board next Wednesday. September 18." Camdessus said

The IMF board has proposed selling a small amount of IMF gold and investing the earnings to help finance the debt scheme.

The debt relief plan also calls for the participation of the World Bank and bilateral creditors in the Paris Club. It would target between eight and 20 of the world's poorest nations whose debt burdens are deemed

Germany has opposed the plan resolutely, arguing that the IMF should not reduce holdings of such a reserve asset at a time when it is shouldering big increases in financial support to Mexico and Russia

Sales would set a dangerous precedent and would send the wrong signals regarding the way the international financial system was anchored, the German Finance Ministry has ar-

Given Germany's opposition and France's relative neutrality, it is considered unlikely the gold sales will go through

However even if the idea falls through. IMF officials are hoping to get a commitment to help indebted poor countries in another way.

Peru, S Korea sign accords

on fishing LIMA, Sept 15: President Alberto Fujimori and South Korean President Kim Young-Sam signed agreements on fishing and technical cooperation Fri-

day, reports AP. Kim, accompanied by more than 40 Korean businessmen, is finishing up a 12-day, five country tour of Latin America designed to forge stronger economic ties to the region. He also has visited Brazil, Chile, Ar-

gentina and Guatemala. One of the agreements signed Friday covers technical, scientific and logistical cooperation on Antarctica, while the other deals with fishing. South Korean fishing boats works Peruvian coastal waters fishing for

squid. Kim said that with the agreement the two nations "opened a new horizon for bilateral cooperation."

Two other agreements involving trade were to be signed by other officials later in the

"The reason that our country is becoming a magnet for foreign investment is not only because of its great and varied natural resources, its strategic position on the Pacific coast of South America, but also the new attitude of the Peruvian government toward foreign capital." Fujimori said.

Among the businessmen accompanying Kim are the presidents of Samsung Electronics Co., Daewoo Motors, Gold Star, Kia Motors and Hyundai.

South Korean companies have moved strongly into the Peruvian market in recent years, especially Samsung in the home appliance market and Daewoo in automobile sales. Commercial ties between

Peru and South Korea grew by 300 percent between 1990 and 1995 to more than dlrs 300 mil-

prices took a tumble on the

Chicago Board of Trade (CBOT),

the biggest cereals exchange in

culture (USDA) upgraded its

forecast for the 1996-97 harvest

to 579.5 million tonnes and

predicted that world wheat

stocks which have been de-

pleted by a series of poor crops

will jump eight per cent by the

United States and Europe will

both harvest bumper crops at

62.48 million tonnes and 96.75

million, respectively, these two

producers are the world's

biggest wheat exporters so that

global market will be awash

price of wheat for September de-

These figures weighed on the

with supplies this year

According to the USDA, the

end of the harvest season.

The US Department of Agri-

the world.

performance of NCBs, DFIs held A review meeting on the performance of different na-

Review meet on

tionalised commercial banks (NCBs) and development finance institutions (DFIs) was held here yesterday, says BSS. Finance Minister Shah AMS Kibria presided over the meeting held in the finance ministry's conference room.

Finance Secretary Dr Akbar Ali Khan, Secretary Banking Division Shah Abdul Hannan and Chairmen of various NCBs and DFIs were present in the

UK arranges seminar on S

Asia tomorrow

As a continuation of recent initiatives, the UK Department of Trade and Industry (DTI) has organised another day-long seminar on trade and invest ment opportunities with countries covered by the DTI's Southern Asia advisory group — Bangladesh, Nepal and Sri Lanka, says BSS.

The seminar, entitled The Southern Asia Showcase" will be held in Gateshead in the north-east of England on Tuesday September 17.

The seminar is the fourth in a series under a DTI initiative to project Bangladesh as a country where British firms can do business and set up their operations, British High Commission said here yesterday.

The three earlier seminars. held at Leeds and Glasgow in April and London in July, were well attended by representatives of British companies. Between them they generated considerable interest in the Bangladesh market.

The co-sponsor is the Northern Development Company (NDC), based in the north of England. NDC will use the seminar to officially launch their DTI supported trade mission to Bangladesh planned for February next year.

Tata calls off joint venture project with 4 Gulf airlines

NEW DELHI, Sept 15: The Tata Group, one of India's largest private corporations, has called off a joint venture with a consortium of four Gulf airlines to build a luxury hotel, a newspaper reported here, says

The Tata Group halved the project due to problems in transferring land owned by the Tatas to the joint venture firm, the Economic Times said.

"The Tatas ultimately found it impossible to sell or lease this land to the new company and decided to end the partnership," a Tata official told the daily. "The Tatas have decided to go ahead with the project independently."

The planned venture between Indian hotels, a Tata subsidiary, and Kuwait airways, Gulf Air. Saudi Airlines and Emirates Airways called for building a 350-room luxury hotel and a catering unit in the western state of Maharashtra.

The Tata official said the flight catering unit, at a cost of 11 million dollars, has been commissioned and the luxury hotel is expected to be completed within two years in, Bombay, the Maharashtra capi-

Indian hotels operates 45 hotels ranging from luxury hotels in the cities to more modest accommodations in tourist destinations.

Finance minister predicts

India may be 4th biggest economy by century end NEW DELHI, Sept 15: Fichange in attitudes towards

nance Minister Palaniappan Chidambaram predicted here yesterday technology-hungry India could become the fourth largest economy in the world by the end of the century, reports Chidambaram urged over-

seas investors to introduce new technology into what he called the world's single largest market governed under one law. "India does not need money

alone. India needs new technology and new markets to take the economy to a higher plane."

The Harvard-educated lawyer, a backer of New Delhi's sweeping economic reforms following more than 40 years of central government control. said there had been a sea-

the agenda such controversial issues like disinvestment and opening up of the insurance sector." he told the conference, organised by Euromoney Publications here.

aid to belief in trade.

private capital.

Chidambaram hinted that foreign firms might be allowed to increase their stake in domestic companies from the present ceiling of 24 per cent but

"India has moved from a

command economy to a mar-

ket-driven economy, from a

sellers' market to a buyers'

market and form dependence in

tude of the administrators. We

have brought back to the top of

"We have changed the atti-



Susanna Price, team leader of the Urban Poverty Reduction Project, addressing a press briefing at the National Press Club yesterday. Ian Patrick (L), an expert of the project, is also seen. - Star photo

Commodity market: Oil, tea strong while sugar, coffee weak over the week

LONDON, Sept 15: Oil prices soared to their highest level this week since the 1991 Gulf War this week as hostilities between Washington and Baghdad once again reared their. head, report AFP.

NEW YORK, Sept 15: Stocks

jumped higher Friday, lifting

the Dow Jones industrial aver-

age and other indexes to record,

levels, as two new economic re.

ports quelled concerns about

inflation and higher interest

calculations, the Dow industri-

als rose 66.58 to 5,838.52,

moving above 5,800 for the first

time and well beyond its all-

time best close at 5,778.00 on

bered decliners by a 7-to-3 mar-

gin on the New York Stock Ex-

change, with 1,723 up, 745 down

million shares as of 4 pm, vs.

398.82 million in the previous

NYSE volume totaled 487.50

The S and P 500 rose 9.41 to

Advancing issues outnum-

According to preliminary

rates, reports AFP.

and 768 unchanged

session.

The world's foremost oilproducing region was racked by insecurity after Iraq branded Kuwait's decision to welcome US warplanes to bases in the Gulf state as "an act of war." Prices rose by two dollars

during the week, driven largely by fears that exports of Iraqi crude would be put off indefinitely before that latest wave of hostilities, Iraq was due to launch renewed crude oil sales for the first time in six years. But the UN has once again

outlawed the sale of Iraqi crude on the international market and the flareup between US President Bill Clinton and Saddam Hussein has again stared consumers, thirst for fresh oil reserves, of black gold.

In contrast, aluminum prices slipped to a two-year low as dealers beat their brow in the face of burgeoning stocks of metal around the world.

GOLD: Contradictory. Gold refused to conform to models developed by analysts, and while inflationary fears in the United States and renewed conflict in the Gulf should have conspired to give the metal a dazzling allure in the eyes of investors, prices actually fell

Investors continued to turn their noses up at this metal and prices dipped by about five dollars to 382 dollars per ounce.

quiet trading.

A study by the Silver Indus-

continued to stay away from the platinum market and prices fell by four dollars to 390 dollars

COPPER: Dull. Copper had a patchy week. Speculative selling and aluminium's plunge combined to push the price of copper down 80 dollars to 1,850 dollars per tonne on the London Metal Exchange (LME).

substantial fall in stocks held in LME warehouses (down 3,850 tonnes to 269,675 tonnes) enabled prices to recoup some of their losses.

dollars per tonne.

SILVER: Tarnished. Silver

prices slipped by 12 cents to 5.12 dollars per ounce, amid

try Association, the Silver Institute, said that global silver production was set to grow by 15.6 per cent over the next four years to 541.4 million ounces (of 31.013 grams each) in 1999. because of increased output by Mexican mines.

per ounce.

But at the end of the week, a

LEAD: Heavy. The price of this heavy metal did not fluctuate much, holding around 812

The downward pressure from sliding copper and aluminium prices was offset by healthy buying by battery producers ahead of winter in the

northern hemisphere, a time of strong demand for new batter-

that the Federal Reserve Board

may hold off on its long-ex-

pected increase in short-term

interest rates later this month.

The Fed has been expected to

raise rates as a way to head off

inflation, prompted by rapid

stocks because they increase

corporate borrowing costs, hurt

consumer demand and tempt

investors to shun stocks for po-

tentially more lucrative in-

vestments in interest-bearing

Friday's numbers lend cre-

dence to those who say the

economy can withstand current

growth rates without causing

the labor and raw materials

shortages that bring on infla-

Higher interest rates hurt

economic growth.

securities.

LME stocks grew modestly by 2,800 tonnes to 113,900

ZINC: Weakened. The metal was affected by the weakness of copper and aluminium. Its price fell by 30 dollars to 1,010 dollars per tonne. LME stocks fell by 10,025 tonnes to 549,675 tonnes.

ALUMINIUM: Crushed. The

price of the metal plunged 50

dollars to 1,430 dollars per tonne, the lowest level since PLATINUM: Weak. Investors - June 1994, because of a sudden. wave of gloom which swept across the market. LME stocks grew by 4,775 tonnes to 947,700 tonnes. NICKEL: Hard. The reference

price for nickel held firm at around 7,500 dollars per tonne. as workers at the world's biggest nickel producer, Norilsk, in Russia, sagged stop-go industrial action. Stocks on the LME grew by 780 tonnes to 38,208 tonnes.

6.140 dollars per tonne. Experts, however, predict that prices will firm because of a drop in Chinese production after flooding during the summer which disrupted output at the country's biggest producer. Beijing is traditionally one

of the world's major exporters

of tin, which is used to make

TIN: Sinking. The price of

this metal followed aluminium

lower, losing 100 dollars to

cans and soldering equipment. Reserves on the LME fell by 75 tonnes to 10,040 tonnes.

OIL: Flaming. The oil market was set ablaze by tensions in the Gulf this week, with Baghdad declaring that US military activity in the area constituted an "act of war." At its peak, the reference

price for brent north sea oil for delivery in October hit 24.39 dollars per barrel, the highest price since the height of the Gulf War in January 1991. Oil analysts voiced their concern that renewed conflict

in the Gulf would delay the re-

turn of Iraqi oil on to the international market. On May 20, Iraq signed a socalled oil-for-food deal with the United Nations (UN), which authorised the export of about 700,000 barrels of crude per day to finance humanitarian aid to

the Iraqi people.

On Tuesday, dealers reacted with dismay to publication of weekly US crude oil and petrol stocks that showed a hefty fall in reserves that seemed to open the gates for a likely rise in imports of crude over the next few weeks.

RUBBER: Rebound. The price of RSS latex, which comes mainly from Thailand, picked up by about 2.50 pounds to 887.5 pounds per tonne amid generally quiet trading, dealers said. Heavy rains in Thailand and northern Malaysia, which provoked fears of a cut in output, have come to an end, one British dealer said. COFFEE: Liquidated. Specu-

lators on the CSCE market in

New York liquidated their cofles positions this week and prices malted. The move followed an announced that the market was seeking to reduce the weight of speculative holdings on the

later revoked. In London, robusta prices fell by about 20 dollars to 1,520 dollars per tonne.

market, but the decision was

TEA: Steaming, Prices in the London auction houses remained strong in the face of healthy demand. The price of medium-quality teas held firm at 107 pence per kilo. High grade Assam brews

were particularly sought after

by British dealers and prices

hovered between 150 and 208 pence per kilo. SUGAR: Down. After last week's buying frenzy, the price of white sugar fell modestly by three dollars to 342 dollars per tonne weighed down by some

The International Sugar Organistion continues to warn of a meltdown in sugar prices which could plunge 40 per cent to 200 dollars because of supplies flooding the market.

speculative sales.

This dire prediction is borne gained five dollars to 590 dolout by London based trading lars per tonne, while that of house GNI, where experts say rape seed advanced 3.5 guilders that India, the world's biggest to 98.5 guilders per 100 kilo-

sugar consumer and producer, is about to offload an avalanche of sugarcane on the global market after a bumper harvest. But surprisingly, until now

prices have remained stubbornly high. **VEGETABLE OILS:** Slippery Soya prices on the Chicago Board of Trade (CBOT) slipped a little after new forecasts for the

American crop were released by

the US Department of Agricul-

ture (USDA) disappointing some dealers. The USDA revised downwards their prediction for the 1996 US soya crop, the world's biggest to 61.77 million tonnes from 62.6 tonnes. But some traders had hoped for an even

lower figure.

The price of this vegetable oil which has been hovering at high levels, suddenly fell in Chicago. But later, fears that cold weather will damage harvesting in the United States this autumn pushed prices back up. On the Rotterdam market, the price of soya oil gained two ' guilders to 97 per 100 kilograms.

The price of palm oil fell sharply by 17.5 dollars to 540 dollars per tonne in the weak of a plunge in prices on the Kuala Lumpur market because of the US soya figures. SUNFLOWER OIL. Prices

livery which dropped nine cents over the week to 4.38 dollars per bushel (27.216 kilograms each) on the Chicago Board of Trade. The price of maize for September delivery at first declined, but later recovered to

end the week three cents higher at 3.65 dollars per bushel. The USDA has forecast that the world harvest will be more

plentiful than expected and the number one producer, the United States will have a healthy crop of 233 million tonnes

But the market fears that cold weather in the United

States might damage the maize GRAINS: Tumble. Grain fields, as harvesting time approaches.

In Europe, prices fell back with traders anticipating the arrival of a strong harvest. In London, the price of wheat fell three pounds to 102.5 pounds per tonne. COTTON: Springy. After a

shaky start, cotton prices sud-

denly rocketed mid-week on the

New York futures market after

the USDA released surprisingly weak forecast for the upcoming US harvest. The US experts now predict that the United States will produce 17.9 million bales (217.7

kilograms each), a much lower forecast than they made in Au-The American harvest, one of the world's biggest, has been affected by soaring tempera

tures and crop ravaging insects

California Louisiana and

Arkansas. However, although prices climbed on the future market the cotton outlook price indicator which reflects prices on the physical market fell back by half a cent to 75.5 cents per pound

Wool brittle the British market index which covers high-grade wool, declined six pence to 442 pence per kilogram, while the "eastern" index in Australia plunged 18 cents to 5.89 Australian dollars because of medium-quality wool flooding the market.