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### ADB chief due Aug 23

Asian Development Bank President Mitsuo Sato will arrive in Dhaka on August 23 on a four-day visit for appraisal of Bangladesh's future development agenda that need donor funds.

Official sources told UNB that the president of the Manila-based multilateral donor agency is coming to Bangladesh on official invitation.

### Barisal residents face gas crisis

**From Staff Correspondent**  
**BARISAL**, Aug 18: Liquefied petroleum (LP) gas crisis is acute in all the southern districts of Barisal division.

Market sources say the crisis has been created by some dishonest and unscrupulous dealers taking advantage of short supply of gas, transport strike and continuous rains.

Samsul Arefin, Operational Depot Manager, Jamuna Oil Company, said that the recent crisis of LP gas was purely temporary as its regular supply had been reduced by only 10 to 15 per cent during last month. "It is not acute crisis or total suspension of supply from the company," he added.

Meanwhile, some unscrupulous dealers are selling a gas cylinder at Tk 300 to Tk 350 against the fixed rate of Tk 205.

About 50 distributors of two companies — Jamuna Oil Company and Meghna Petroleum — are dealing in LP gas in the Barisal region, which includes Patuakhali and Jhalakathi.

It is alleged that one Barisal-based dealer appointed for Patuakhali does not distribute LP gas in his coverage area though the dealer lifts LP gas regularly from the depot.

The sources say cylinders cannot be sold in the market at all if supply remains suspended.

Some non-dealer shopowners and traders are getting supply from Chittagong directly and selling them at high prices.

A proposal was earlier made to the local administration by the elites of the town, leaders of the Nagarik Committee and the press to introduce 'card system' for the LP gas consumers which is yet to be materialised. The system is working well in Rajshahi, it is learnt.

### 2 more companies to operate Dhaka-Barisal flights

**From Staff Correspondent**  
**BARISAL**, Aug 18: Two more private airlines are likely to operate on Dhaka-Barisal route by the end of this year.

According to sources, the Parabat Airlines and the GMG Airlines will put into service two small 19- or 28-seater aircraft.

Meanwhile Aero Bengal Airlines, a private airline, has been making regular operation on the route.

Parabat Airlines, according to sources has already made arrangements to buy or hire two 19-seater aircraft from Czechoslovakia.

The aircraft are likely to land in Dhaka by October next.

GMG is also making contacts with Bulgaria and Germany for 28-seater aircraft.

Meanwhile, Parabat has sent some crews and pilots of the airliner to Czechoslovakia for training.

Formal route-checking with the permission of the Civil Aviation Authority, Bangladesh (CAAB) may take place by late October.

The flight operation is likely at any time in November.

The two airlines are likely to operate five domestic services in the country.

Besides, Aero Bengal Airlines' two flights a day with 48-seater Kazakh aircraft and Bangladesh Airlines, the national flag carrier, will ATP aircraft is operating a single flight on Barisal-Dhaka route on Sunday only.

### Most currencies in Asia, Pacific plunge over the week

**HONG KONG**, Aug 18: Most currencies in the Asia-Pacific region plunged against the US dollar in a week that saw the Indonesian Rupiah touch an all-time low after being floated, reports AFP.

**JAPANESE YEN:** The yen plunged against the dollar in late trading on Friday after moving erratically for most of the week. It stood at 118.19-22 to the dollar late Friday, slightly higher than 118.53-56 to the dollar a week earlier.

The slump was due to yen selling after the yield on Japan's key 10-year government bond sank to an all-time low of 2.065 per cent, further clouding prospects of Japan's economic recovery.

The yen started the week on a firm note here, fetching 115.27-30 to the dollar late Monday, following its rally to 114 to the dollar in New York toward the weekend, but it lacked direction until the debate on Friday.

**THAI BATH:** The Thai baht was quoted at 31.70-90 to the dollar in the domestic market Friday, weakening from a close the previous week of 31.25, a Bangkok bank dealer said.

The International Monetary Fund (IMF) succeeded in arranging a 16 billion dollar rescue package to shore up reserves and confidence in the ailing economy, but numerous companies reported very poor second quarter earnings.

Research houses were awaiting details on austerity conditions attached to the IMF package before making revised forecasts.

Among the known measures are an increase in the value-added tax from 7.0 per cent to 10 per cent effective August 16, cuts of 59 billion baht in the budget to September 30, 1998, and a reduction in personal and corporate income tax rates.

**AUSTRALIAN DOLLAR:** The Australian dollar gained 1.18 US cents over the week but economists said Friday it would be difficult to see it going any higher.

On Friday, the Aussie closed at 74.33 US cents, up from 73.15 US cents a week earlier.

The local unit had gained

## EU fish ban Quality control still remains a problem

Star Business Report

Some 18 months after the EU called for improvement, the Department of Fisheries has not been able to develop its quality control mechanism.

An EU mission, meanwhile, found testing facilities were far behind the required mark. In December 1995, EU inspectors suggested the government improve its mechanism such as laboratories and inspection procedures to comply with the EU health and hygiene rules.

The Department, despite repeated reminders from Brussels, failed to upgrade its inspection and quality control methods.

Mohammad Liaquat Ali, Director General of Fisheries, however, said fund constraints were a barrier to ensuring the EU standards. He said the Department failed to obtain approval several times when such requests were made with higher authorities.

Findings of an EU mission portray a near pathetic state of affairs. The report was sent to the government last June.

The laboratories, in Chittagong and Khulna, were found in bad shape. The one in Chittagong, according to the mis-

### EU fish ban

sion, is capable of doing only five-six samples a day.

In Khulna, the laboratory is housed in a 100-year-old, poorly-kept building. With insufficient manpower and equipment, it was capable of doing only eight bacteriological analysis per day, where samples were transported in unsterilised plastic bags, the EU report said. The air-conditioning inside the laboratory was found not to have even an air-lifter. The mission said the conditions needed to be improved.

The EU officials also said inter-laboratory proficiency tests were not adequate in the previous two years.

Most establishments visited also had serious maintenance problems, structure and lay-out deficiency.

Walls were not always waterproof and washable. Ceilings were often not smooth with poorly jointed panels or with rusty and corrugated aluminium with holes especially in the waiting area for shrimp. Protective light covers were frequently absent or dirty and rusty.

The plants lacked facilities

for regular bacteriological tests for water and ice produced inside the premises, it said. "The ice produced inside the plant was not free of dirt, discoloration and various foreign matters and was not stored or handled hygienically." And there were flies all around.

"No microbiological tests are carried out by the company on incoming raw material, during phases of production and on finished products."

The EU says all approved establishments must go by its rules. The mission recommended the government controllers increase the frequency of inspections of plants.

It is important that the competent authority maintain strict independence from the private industry and enforce its power when necessary," the report said.

Ali, at Fisheries Department, said the government was now determined to upgrade its testing laboratories and increase its testing capacity by November this year. He said other deficiencies would also be addressed before another EU team visits Bangladesh in November.

### City Bank raises interest rates

The City Bank Ltd has increased the rate of interest on deposits, says a press release.

This has been done as an incentive to the depositors to boost savings with effect from August 1.

The revised interest rates are: saving accounts eight per cent, and STD — six per cent.

Interest rates on FDR are for 3 months — 8.25 per cent, 6 months — 8.50 per cent, 1 year — 9 per cent, 2 years — 9.50 per cent and three years and above 10 per cent.

Interest rates on various categories of advances have also been suitably revised.

### Minister warns against cheating jute growers

State Minister for Jute and Textile A K Faezul Haque has warned that irregularities in procurement of jute would not be tolerated, says UNB.

Addressing a high-level meeting on jute purchase at the BJMC headquarters on Sunday, the minister directed the officials to keep sharp eyes on jute purchase so that the farmers cannot be harassed by 'faria' and middlemen.

He asked all concerned to buy jute directly from the growers at fair price and strictly follow the rules and regulations of jute procurement.

The jute minister said arrangement has been made for disbursement of adequate fund to buy jute and directed the officials concerned to distribute the money soon after the disbursement from banks.

## BTMA, rival BGMEA group give different views on GSP

Star Business Report

Textile mill-owners and a section of garments exporters have given conflicting views on Bangladesh's seeking a "two-stage derogation" for knitwear from the European Union.

Anisur Rahman Sinha, president of BGMEA Forum, a group opposed to the current leadership, yesterday supported the move, while Bangladesh Textile Mills Association (BTMA) interpreted it as something that had led to the crisis.

Sinha also criticised BGMEA president Mostafa Golam Quddus's statement at a press conference last week that knitwear exporters could try to find markets other than the EU countries.

"Such unprofessional statement would be suicidal and total damaging for the garment sector and for the country as a whole," Sinha, a past president of BGMEA, said.

BTMA leaders backed Quddus' position against cancellation of disputed GSP certificates. "The BTMA extends its fullest support to the views of BGMEA urging the government not to agree to cancellation," BTMA Chairman Mohammad Shahjahan said.

It appears to BTMA that the question of cancellation of the disputed GSP certificates only arose when the government sought derogation of rules of origin from European Union

for knitwear items. The EU is taking advantage of Bangladesh on account of its approach for derogation from three stages to two stages in respect of knitwear exports to EU countries," Shahjahan said.

He urged the EU to allow Bangladesh exporters to continue a three-stage transformation (from cotton to yarn, yarn to fabric and fabric to ready-to-wear products) to help build backward linkages.

"Over 60 per cent of Bangladesh's export goes to the EU market and this long established market cannot be written off," Sinha said.

He said such statement of "shifting market from the EU to elsewhere is motivated and an effort to divert the attention of BGMEA members from the present burning GSP problem."

Sinha urged BGMEA leaders to take "positive steps" to resolve the GSP issue soon so that the knit exporters could enjoy GSP facility by doing a two-stage transformation. The Forum leader, who was also present at the press conference Thursday, did not say anything to the press.

Shahjahan of BTMA supported Quddus on shifting the market. "BTMA strongly believes that Bangladeshi textile exporters can occupy a fair share of the global market if the government gives further effort.

### US to develop solar industry

**NEW YORK**, Aug 18: The United States aims to increase the number of solar industry employees to 70,000 by 2010 from some 12,000 now, industry sources said, reports Xinhua.

The goal is in line with the Clinton administration's scheme to put a million solar systems on the roofs of commercial and residential buildings by 2010.

As the leading producer of solar energy in the world, the US put out 38.9 megawatts in 1996, sharing 44 per cent of world production of 88.6 megawatts, followed by two other major producers — Japan and Europe, the industry publication reported.

The government has invested some 1.5 billion US dollars in the solar industry in the past 25 years and is continuing to encourage the use of solar cells to decrease gases omitted from burning of fossil fuels.

### Normal gas production in Narsingdi resumes

Normal production in the Narsingdi (Belabo) gas field resumed yesterday, a release of the Energy Ministry said here, reports BSS.

The gas flow was disrupted on last Wednesday when a subsurface safety valve suddenly went out of order in the gas field.

Normal operation in the gas field will solve the problem of reduced power generation in different power stations which depend on gas from this field, the release added.

## Experts see light ahead for SE Asia's currency

**HONG KONG**, Aug 18: The proud economies of Southeast Asia, buffeted by turbulence currencies to market forces, may have only a short period of pain yet to endure experts say, reports AFP.

Governments that have come to view currency stability as the foundation for long-term growth have had a nightmare week.

Singapore's central bank intervened Friday after the local dollar tumbled 1.5 per cent to 36-month trough against the greenback, and Malaysia did likewise. But the ringgit slumped six per cent to a 24-year low of 2.8250 to the US currency.

The rupiah sank 6.6 per cent to another nadir only a day after it was floated by the Indonesian government, while the Philippine peso, after brief period of strength, weakened by 1.1 per cent.

Thailand's baht slipped to 31.795 to the dollar from 31.300, down more than 22 per cent from its value prior to the July 2 float that triggered a domino effect among currencies around the region.

But analysts say the volatility and parallel turbulence in several equity markets, may be short-lived, provided governments and corporations alike adjust quickly to the new era of floating rather than managed currencies.

"This may temporarily have an effect on sentiment, but it really shouldn't be an issue," said Deep K. Kapur, chief regional strategist with Salomon Brothers in Singapore.

"It's a return to economic rationality that is winning the day. I don't see this as gloom and doom, frankly."

Desmond Supple, head of Asian currency research at BZW in Singapore said the move to floating currencies was "a welcome dose of reality."

Unless they have a huge war chest on which to draw, central banks that persist in fending off a relentless speculative attack are eventually forced to increase interest rates, thus damaging the domestic economy, he said.

In the new epoch, the biggest

challenge for companies, economists said, is to avoid the crunch that comes when borrowings or other commitments are in yen or US dollars but the means of paying for them are in a fluctuating local currency, such as the rupiah.

The theory that fundamentals are the best defence will find its greatest test in Hong Kong, the jewel in Southeast Asia's currency crown and the region's freest and strongest economy.

Hong Kong is quite different from most of its Southeast Asian neighbours, said Ian Parkin, economist at the Hong Kong General Chamber of Commerce.

This is because it service-dominated economy is less vulnerable at a time of currency crisis than those which are based on manufacturing, where governments are tempted to carry out competitive devaluations in order to keep exports up, he said.

The Hong Kong dollar came under some pressure Friday. But speculators are likely to find the tiny but wealthy territory, with 82 billion US dollars in reserve and backed by China, with 121 billion, will be a tough nut to crack.

"It's a very different prospect from the Philippines, with 11 billion in reserves, or Malaysia, with 2 billion," said Andrew Fung, head of capital markets at Commonwealth Bank of Australia here.

### Citibank holds seminar on forex trading

Citibank NA Bangladesh arranged a Foreign Exchange Trading Simulation Seminar for the Corporate Finance Managers.

The second of its kind held in Bangladesh, the first one was also organised by Citibank, says a press release.

The training programmes simulates a real life trading environment which allows the participants to learn the basics of foreign exchange trading. The training was held at Dhaka Sheraton Hotel for the last two days.

"Understanding the movements of currencies and taking appropriate decisions at the right time is the essential part of foreign exchange exposure management, it said. Markets are becoming more and more integrated due to interdependence of trade and commerce between nations. Today's Corporate Treasurers/Finance Managers are finding it more crucial to comprehend the fundamentals of foreign exchange market dynamics."

With a view to contributing towards this goal, Citibank is sharing its globally recognised skills in foreign exchange by organising this two-day training course.

A total of 23 participants from leading Corporate houses from Dhaka and Chittagong participated in the seminar.

### SAARC air service Three-day meet in city from Aug 27

All seven member countries of the SAARC will hold a three-day meeting in Dhaka from August 27 to discuss the introduction of air services interlinking the South Asian capitals, reports UNB.

State Minister for Civil Aviation and Tourism Dr Mohiuddin Khan Alamgir will inaugurate the meeting, officials said.

Senior civil aviation officials and executives of the national airlines of SAARC countries will participate.



Participants of Citibank seminar

## Commodity market: Oil, tea rise; copper, coffee fall

**LONDON**, Aug 18: Crude oil prices held firm this week in the face of a resumption of Iraqi crude sales under the oil-for-food deal brokered between Baghdad and the United Nations, reports AFP.

Brent North sea crude prices inched upwards amid concern at the dwindling level of US petrol stocks, which fell once again.

Baghdad had suspended its oil exports in June, in protest at long delays in UN approval of Iraq's contracts for imports of food and medicine, which the country's oil receipts are destined to pay for.

Midweek, Iraqi crude began to flow into the international market via Turkey.

Gold prices, which continue to be tied to the swings in the dollar and global stock markets, recovered slightly.

Tensions on the platinum and palladium markets eased a little for the first seven months of the year, began to flow again.

**GOLD:** Glimmer. A slide in the value of the dollar and losses on Wall Street early in the week added a certain shine to gold prices, but a recovery in US assets later in the week took away some of the metal's newfound glitter.

Nonetheless, prices closed

around 324 dollars per ounce compared with 322 dollars late last week, prices had touched 329 dollars per ounce midweek.

Investors had been attracted to the metal after a fall in the value of US assets.

They eschewed the market one week earlier after a surge in the value of the dollar made cash prices seem more expensive.

**SILVER:** Reflection. Silver prices bounced back in a mirror image of gold. Prices rose to about 4.40 dollars per ounce from 4.35 dollars.

**PLATINUM AND PALLADIUM:** Sinking. A resumption of Russian exports caused the price of these two metals to topple off recent highs this week.

**COPPER:** Weaker. Copper prices fell, as market stocks continued to rise. Three-month prices lost 48 dollars to 2,268 dollars per tonne.

Over the week, official London Metal Exchange (LME) reserves — usually seen as an accurate reflection of supply and demand — grew around five per cent, or 12,175 tonnes to 260,875 tonnes.

Two months ago, reserves were close to 120,000 tonnes.

**LEAD:** Down. The price of lead, a metal mainly used to make batteries, fell slightly amid quiet trading.

Three-month lead prices ended the week around four dollars lower at 615 dollars per tonne.

**ZINC:** Lower. Zinc prices fell back slightly, despite a hefty fall in LME market stocks, of 12,225 tonnes to 386,000 tonnes, amid continued volatile trades. Three-month zinc prices lost seven dollars to 1,536 dollars per tonne.

**ALUMINIUM:** Reverse. Aluminium prices weakened on the London Metal Exchange (LME), after a rise in market stock put a sudden stop to a series of hefty falls in LME reserves since late January.

Stocks rose by 9,875 tonnes over the week to 631,850 tonnes.

**NICKEL:** Weaker. Nickel prices plunged to their lowest point so far this year in the face of concerted selling by investment funds who were worried about rising output from Russia and a fall in demand in Europe.

But the metal later recovered some of its losses on the strength of technical trades.

Three-month nickel prices, which hit an eight-month low of 6,605 dollars per tonne, ended the week 470 dollars lower at 6,710 dollars per tonne.

LME stocks were up 2,412 tonnes over the week to 57,696 tonnes.

**TIN:** Fall. The price of tin, widely used in soldering and the manufacture of cans, fell by 183 dollars to 5,440 dollars per tonne.

**OIL:** Flaming. Oil prices rose this week on the wings of a fall in petrol stocks and other distillate products held in the United States. The seepage helped offset any possible negative impact from a resumption of crude exports from Iraq.

Brent north sea crude prices nudged above 19 dollars per barrel.

Iraq announced on Thursday that it has resumed its oil exports via Turkey after a break of more than two months.

Iraq aims to export 30 million barrels of crude by the end of the month.

**RUBBER:** Sticky. The rubber market showed little sign of change this week and prices stuck at 620 pounds per tonne.

**COCOA:** Cooling. Cocoa prices fell slightly this week, as the west African harvest got underway, despite the positive impact of a slight fall in the value of the pound, which served to attract overseas buyers.

**COFFEE:** Chilled. Coffee prices slumped this week, in the face of weak demand on the cash market and the prospect of a bumper crop in Latin America, with the threat to frost damage to Brazilian bushes having melted away.

**TEA:** Strong. Tea prices gained from strong demand in the London auction houses. The price of east African leaves rose by up to 10 pence per kg and high grade ceylon tea was being traded at 178 pence per kg.

**SUGAR:** Quiet. Prices were supported by positive forecasts for supply and demand over the 1997-98 seasons by the much-respected trading house Cargill, amid quiet summer trading.

The brokerage predicted that

world output of sugar would reach 123.25 million tonnes in 1997-98, 168,000 tonnes above the total in 1996-97.

But this increase in supply should be more than offset by two per cent rise in global demand for the sweet commodity.

Czarnikow forecast that world stocks would shrink by 1.87 million tonnes this season, after an increase of 370,000 tonnes in 1996-97.

White sugar prices rose a little over a dollar to 321.60 dollars per tonne.

**VEGETABLE OILS:** Tension. Soy prices continued to firm in nervous trading, despite a series of factors which should have relaxed the tension on the market.

More thirst-quenching rains in the American mid-west arrived, and the US department of agriculture revised upwards by nearly 1.5 million tonnes to 74.69 million tonnes its forecast for the US soy harvest in 1997.

But, in the short-term, the signs continued to point to a shortage of available supplies.

Soy prices on the Chicago Board of Trade (CBOT) closed

the week up 18 cents at 7.72 dollars per bushel (of 27.2 kg — for delivery in September).

**MAIZE prices,** in contrast, rose by 26 cents to 2.64 dollars per bushel (of 25.4 kg — for delivery in September).

The rise followed a fall of four per cent in US forecasts of the forthcoming crop, which was now expected to total 9.28 million bushels.

**COTTON:** Stiff. The recent fall in US cotton prices petered out this week after the US authorities cut their forecast for this year's harvest in the United States.

The threat of widespread damage caused by drought in south eastern US states was lifted by rainfall there.

Elsewhere, the cotton board reduced its forecast for southern Africa's cotton harvest in 1997 to 175,033 bales (of 200 kg) from the prediction of 191,000 bales made in April. If the predictions ring true, the harvest would be 47,467 bales smaller than the 1996 harvest.

In contrast, British prices covered by the Cotton Outlook Index fell by 30 cents to 81.65 cents per pound.

**WOOL:** Muffled. Prices fell again in Australia but strong demand from European buyers buoyed the market. Prices on the British market remained unchanged at 415 pence per kg.

### Exchange Rates

The following are the **Small Bank's** dealing rates (BD Tk for one unit of Foreign Currency) to public as on 18/8/97:

	Buying		
	TT Clean	OD Sight Export Bills	OD Transfer
US Dir	44.4200	44.2550	44.1585
GB Pound	71.3549	71.0704	70.9155
D Mark	24.4390	24.3482	24.2951
F Franc	7.2219	7.1950	7.1794
C Dir	31.7879	31.6698	31.6008
S Franc	29.5046	29.3950	29.3309
JP Yen	0.3755	0.3741	0.3733

Name of Currency	Selling	
	T.T. & O.D.	B.C.
US Dollar	44.7110	44.7510
GB Pound	72.3888	72.4535
D Mark	24.8601	24.8823
F Franc	7.3543	7.3608
C Dollar	32.3293	32.3583
S Franc	30.0164	30.0433
JP Yen	0.3860	0.3863

A) TT (DOC) US Dollar Spot Buying Tk 44.3375  
 B) Usance Rate

30	60	90	120	180
Days	Days	Days	Days	Days
43.6181	43.1517	42.7863	42.4188	41.8800

C) US Dollar sight export bill 3 months forward purchase: Same as OD sight export Bill buying rate.

The following are the **Janata Bank's** dealing rates (BD Tk for one unit of Foreign Currency) to public as on 18/8/97:

Name of Currency	Buying		
	TT Clean	OD Sight Export Bills	OD Transfer
US Dir	44.4200	44.2493	44.1334
GB Pound	71.3549	71.0644	70.8782
D Mark	24.4254	24.3260	24.2622
F Franc	7.2239	7.1944	7.1756
JP Yen	0.3779	0.3763	0.3751
C Dir	31.7966	31.6671	31.5841
S Franc	29.5127	29.3925	29.3155

Name of Currency	Selling	
	T.T. & O.D.	B.C.
US Dollar	44.7115	44.7510
GB Pound	72.3843	72.4651
D Mark	24.8314	24.8590
F Franc	7.3519	7.3601
JP Yen	0.3865	0.3869
C Dollar	32.3189	32.3548
S Franc	30.0067	30.0401

Janata Bank's selling and buying rates in cash currency for public:

	Selling		Buying	
	US Dir	GBP	US Dir	GBP
	44.5000	44.5500	71.3800	69.3800
	11.9000	11.5500	12.0500	11.5500