



HYUNDAI

CARS THAT MAKE SENSE

Hasina, Kibria, Sarkar hold talks with exporters

Govt gets ready to fund frozen food processors

By Govinda Shil

The government has decided to help shrimp exporters improve their processing plants so that they can meet EU and US health standards, according to official sources. The Finance Minister has already asked the Bangladesh Bank to take steps for an immediate disbursement of Tk 15-20 crore to 122 active shrimp processing plants, which need to improve conditions. A series of high-level meetings was held in the last two days which saw shrimp exporters calling for government support to overcome the crisis, borne out of the EU ban on Bangladesh frozen food.

The exporters met Prime Minister Sheikh Hasina yesterday, which was preceded by discussions with Finance Minister Sheikh Kibria and Governor Lutfar Rahman Sarkar. A detailed discussion with the prime minister has been planned today. Bangladesh Frozen Food Exporters Association president Golam Mostafa who led plant owners and exporters to these meetings said they needed the money "immediately". The Governor said the finance minister had told him to sit with commercial banks and exporters to discuss the issue and try to arrange funds. "On behalf of the government, I strongly feel to help the exporters overcome the crisis," Kibria was quoted as saying. Bangladesh Bank Governor Lutfar Rahman Sarkar told The Daily Star yesterday that the authorities would be lenient towards the sector, one of the major foreign exchange earners that fetched Tk 1,365 crore in 1996-97.

"We have to be considerate about it in the national interest," Sarkar said. He has already contacted senior officials of the nationalised commercial banks, involved in the shrimp business. "We are worried about the situation because the US has also set a time for standardisation of the plants. We have to do something now." The governor said: "I need to assist them to recover previous losses as well." He will hold talks with the exporters and the commercial bank officials tomorrow. The exporters have invested about Tk 200 crore as operating capital on their plants. The expected financial assistance will help them implement EU and US health regulations, popularly known as Hazard Analysis Critical Control Point (HACCP).

It all became uncertain when the EU imposed the ban on imports on July 30 this year. Although exporters have geared up their marketing efforts with increased consignments to the US and Japan after the ban, but the European market is considered "very lucrative" since shrimp enjoys duty free access there. An Export Promotion Bureau (EPB) official said that exporters were importing water purifying equipment from the US. The equipment, which are being airlifted, will help them meet EU and US regulations. The Bangladesh embassy in US last month warned exporters that they must meet the HACCP regulations by December 18, a deadline set by the Food and Drug Administration or face a ban. "We need the money immediately to install quality equipment in our plants and renovate the premises in some cases," Golam Mostafa said. He said each plant needed between Tk 40 to 60 lakh for upgrading it according to EU and US-set conditions. The exporters asked the government to make the money repayable in seven years. Mostafa said exporters would get one month time before the Department of Fish makes a fresh list of the qualified plants. A EU team is scheduled to visit the plants sometime in November to decide whether the temporary ban can be withdrawn. The government has already sanctioned Tk 50 lakh to improve the conditions of its two testing laboratories in Khulna and Chittagong. A EU team two months ago found labs in bad conditions and asked for improvement.

DSE limps to new low

By M Shamsur Rahman

The Dhaka Stock Exchange (DSE) All Share Price Index declined to a two-year low yesterday, dropping below 800 points, marking a serious erosion of investors' confidence in Bangladesh's fledgling capital market. "A host of factors," as a top market regulator put it yesterday, have contributed to the continued bearish trend in the market. SEC officials and top brokers listed absence of institutional buyers, lack of fund credit squeeze by banks and news of liquidity crisis as the key reasons.

The benchmark index shot up to 3600 points in November last year, and then crashed to about 1100 points in March this year. Since then, it has not picked up. Institutional players Investment Corporation of Bangladesh, Shadharan Bima Corporation, Bangladesh Shilpa Rin Sangstha and Bangladesh Shilpa Bank have been inactive, a top SEC official said. "There is no reason why prices should keep going down when companies are declaring good dividends. This explains the investors' lack of confidence in the whole affair," an SEC member said, speaking on condition of anonymity. "People do not have money now. And there are scopes for alternative investments," he said.

As the slide continued, senior DSE brokers met the prime minister last week who assured them of steps to infuse life into market. Similar assurances have come from the finance minister. The only step taken so far is the issuance of letters of intent by SEC to 14 merchant banks and issuing managers. Bringing these merchant banks and fund managers is be-

lieving seen a crucial step towards buoyancy on the two bourses. "Giving letters of intent does not do any good. They must be made operational at the earliest possible time," the member said. "It is useless until these operators come to the ground." To add to the crisis, banks have stopped giving loans against shares which is also causing fund crisis in the market, brokers said. Some brokers and officials spoke of educating the public which is selling their shares at a lower price when companies are holding their AGMs and giving dividends.

Beximco Infusion declares 25pc dividend

Beximco Infusion Ltd declared a 25 per cent dividend for the year '96 at the 7th annual general meeting held at a city hotel yesterday, says a press release. The company earned a gross profit and net profit of Tk 87,290 million and Tk38,301 million respectively. The shareholders expressed satisfaction over the on going expansion project to double the plants annual capacity from six million units to 12 million units of 500 ml bottle.

Beximco Knitting declares 15 pc dividend

Beximco Knitting Limited has declared a 15 per cent dividend for its shareholders for the year 1996, says a press release. The dividend was announced at the 4th Annual General Meeting of the company held at Sonargaon hotel in the city yesterday. The Chairman of the company, A S F Rahman presided over the meeting. The company earned a gross profit and net profit of Tk 126.31 million and Tk 54.728 million respectively for the year 1996.

Indian trade team, BCI hold talks

A two-member Indian trade delegation has had talks with the Bangladesh Chamber of Industries on trade imbalance, tariff barriers and smuggling in the border areas, says a press release. The visiting team was represented by P V Rao, General Manager of the Indian Trade Promotion Organisation while the Chamber side included the acting president, Rashed Moudud Khan and Directors of Bangladesh Chamber of Industries at the meeting held at its office in the city yesterday. The Indian side expressed its interest in set up joint venture enterprises at suitable sectors in Bangladesh. Welcoming the delegation, BCI leaders requested Indian team to remove the tariff barriers to reduce huge trade imbalance between the two countries. It apprised that due to tariff barriers, Bangladeshi products cannot enter the Indian market but the Indian goods are abundantly available in Bangladesh market. On the other hand, official trade is being badly affected due to wide spread smuggling in the border areas. The BCI leaders urged the govt of both the countries to take effective steps to curb smuggling in order to expand the official trade. The meeting was attended, among others, by Obaidur Rahman, Dr Md Jahangir Alam, M A Shahid, Directors and Quazi A K Refaui Huq, Secretary, BCI.

Jute growers hit hard in Panchagarh, Thakurgaon

As elsewhere in the country, farmers of Panchagarh and Thakurgaon districts, are not getting fair price of their raw jute. Though, the prices of raw jute in town areas range between Tk 150 and Tk 170 per maund, the price situation in remote areas is so bad that the farmers can not sell their products. Abdul Jalil, Tasiruddin and Fazal of Sitapura village in Tetulia thana under Panchagarh district told this correspondent that the traders do not show any interest in buying raw jute this year. "Jute traders say if you can give jute at the rate of Tk 100 per maund, then give it, otherwise bring it back," Jalil said explaining the local jute markets' situation. Local officials of jute department said that the jute procurement activities could not be accelerated due to lack of fund. Despite government orders, the banks are yet to disburse any money to the jute traders. Only a few number of traders and wholesalers are active in the markets, they said. Some left leaning political parties have already started movement demanding fair price of raw jute. They have been holding meetings and bringing out processions. Aktar Hossain Raja, Secretary of Communist Party of Bangladesh, Thakurgaon, said that they had submitted a memorandum to the Thana Nirbahi Officers (TNOs) and Deputy Commissioner of Thakurgaon demanding government initiative to save the jute growers. Jute was cultivated on more than 20 thousand acres of land in Thakurgaon district. About 56 thousand bales of raw jute are expected to be produced in the district this year. Last year, about 46 thousand bales were produced in the district.

Microfinance workshop held

The executives of Microfinance Institutions (MFIs) of Bangladesh and some East-African countries yesterday expressed the need for protecting the savings of the poorest of the poor, reports BSS. Stuart Rutherford, an expert on MFI said, the situation is alarming and already Bangladesh government has asked the Bangladesh Bank to look after the savings of the poor clients of different MFIs. Executives of different Microfinance Institutions (MFIs) of Bangladesh, Kenya, Tanzania and Uganda shared their experiences at a day-long workshop, jointly organised by the British Council and Credit and Development Forum (CDF), at the Auditorium of British Council in Dhaka. DFID, a funding agency of the United Kingdom (UK) sponsored the workshop which was attended by the MFI experts, donors and representatives of the grassroots organisations. Simon Kay, deputy director of British Council said the sharing of experience in the field of MFI will promote South-South cooperation in development through elimination of poverty from societies. The MFI executives from Kenya, Tanzania and Uganda said Bangladesh being largely a homogenous country enjoys the opportunity of having wonderful village communities where friendship and peer pressure works, which is very helpful in recovering small loans.

Regional currency turmoil may end in '99 Most Southeast Asian units fall against dollar

SINGAPORE, Sept 2: Nearly all Southeast Asian currencies ended lower against the US dollar with one leading investment house predicting that regional currency turmoil could come to an end only in 1999. "The region would be out of the woods only in 1999," said a research report by Natwest Markets, the investment banking arm of Britain's National Westminster Bank, made available to AFP. The report said a "degree of stability" could come for the Singapore dollar, Malaysian ringgit and Indonesian rupiah as early as the second half of 1998 while the Philippine peso and the Thai baht could stabilise in mid-1999 and end-1999, respectively. An export recovery and ability to steam overheating by regional economies were the key factors that could lead to the recovery, Natwest Markets said. Southeast Asia's foreign exchange rates tumbled after Thailand effectively devalued the baht on July 2. Since the beginning of July, the baht has lost about 38 per cent of its value against the US dollar, the rupiah was down by 21 per cent, the ringgit and the peso each fell nearly 15 per cent and the Singapore dollar by five per cent. In Singapore trading Monday, the ringgit, the baht, the peso and the Singapore dollar were all down against the greenback amid cautious trading. A M Anisuzzaman, Chairman of Uttara Bank Ltd, inaugurated the new premises of its Joydevpur Branch Sunday. Managing Director M Aminuzzaman and Regional Head (Dhaka-North Zone) M A Matin are also seen in the picture.

180000 Thais likely to lose jobs by year-end

BANGKOK, Sept 2: UP to 180,000 workers in six key sectors could lose their jobs by the end of the year if the country's economic crisis worsens, Thai employers said in a newspaper report Monday, reports AFP. The Employers Confederation of the Thai Trade Industry projected that between 152,000 to 180,000 people employed in the six sectors could be laid off, adding that prospects for new jobs in the future were bleak, the Bangkok Post quoted the confederation as saying. The figures come amid labour unions resolve to fight a government proposal to scrap the minimum wage system and let management and employees bargain the wages they will receive, the Bangkok Post said in another report. Hardest hit would be the construction sector, with 40 per cent or 60,000 out of an estimated 150,000 workers laid off due to the collapse of the property market, Chaowalit Akhomon, Secretary-General of the Confederation said. At least 21 per cent of more than 150,000 people could lose their jobs in the automotive sector, following a drop of 1.7 per cent in the demand for automobiles in the seven months to July, said Ninnart Chaitirapinyo, President of the Thai Automotive Industry. As many as 30,000 out of 120,000 people employed in the services sector could also be laid off, the Confederation said, it added that about 75 per cent of workers employed in Thailand's 58 allied finance companies would become redundant. The finance sector is saddled with 30 billion dollars in local bad debt, and Thai officials are scrambling with foreign creditors for an extension or rollover of loans made by the firms threatened with closure.

Japan to lend Thailand \$4b

BANGKOK, Sept 2: The Export Import Bank of Japan agreed here to lend Thailand four billion dollars as part of a 17.2 billion dollar international rescue deal as officials from both countries prepared to meet in Tokyo, says AFP. The 480 billion yen (four billion dollar) unsecured loan to the Bank of Thailand "will serve to support Thailand's balance of payments position by making available financial resources to finance the country's general imports," the Japanese Bank said in a statement. The agreement, which forms part of the International Monetary Fund's second biggest bailout plan ever, was signed by Thai central bank Governor Chaiyayaw Wibulswadi and the Japanese body's senior executive director Hidemi Kawai.

Indian Communists blast oil price hike

NEW DELHI, Sept 2: Communist politicians and New Delhi homemakers on Tuesday criticized the government for raising fuel prices, but business leaders said the move didn't go far enough, reports AP. After six months of debate between its leftist and centrist members, India's 14-party governing coalition announced late Monday it was raising diesel prices by 26 per cent and gasoline by six per cent. It also increased the price of liquefied petroleum gas, used in most middle-class kitchens, by 13 per cent. Left untouched was the price of kerosene, a fuel used in cooking stoves by the poor. V Raghuraman, a spokesman for the Associated Chambers of Commerce and Industry of India, said that will mean more government funds will have to be spent subsidizing kerosene. Raghuraman dismissed the fuel price hikes as "totally a political decision". But he welcomed the government's decision to phase out fuel price controls over the next four years, saying that would help the private sector plan investments in the oil sector. Under the increases announced Monday, consumers woke Tuesday to find the cost of gasoline, which is already heavily taxed, had risen to about 23 rupees (63 cents) a liter and diesel to about 10.50 rupees (30 cents) a liter. The government hopes to raise 97 billion rupees (2.7 billion dollars) a year from the latest hike and use the money to develop the country's oil sector. Prakash Karat, leader of the Marxist Communists Party of India, told the Times of India the increases would hurt ordinary Indians. But the government.

Shipping Intelligence

Shipping intelligence tables including Chittagong port, Vessels due at outer anchorage, Tanker due, and Vessels at outer anchorage.

OPEC oil prices slip

VIENNA, Sept 2: The average price of OPEC's basket of seven crude barrels slipped to 17.63 US dollars a barrel last week, the OPEC Secretariat said here yesterday, reports Xinhua. The price was 48 cents down from the 18.11 dollars registered the week before by the Organization of Petroleum Exporting Countries (OPEC). The monthly oil price rose marginally in August to 18.08 dollars a barrel from July's 17.86 dollars, but still fell short of the OPEC target of 21 dollars.

Exchange Rates

Exchange rates table showing selling and buying rates for various currencies including US Dollar, GB Pound, D Mark, F Franc, C.Dir, S Franc, J.P. Yen, etc.



M Aminuzzaman, Chairman of Uttara Bank Ltd, inaugurated the new premises of its Joydevpur Branch Sunday. Managing Director M Aminuzzaman and Regional Head (Dhaka-North Zone) M A Matin are also seen in the picture.