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Forex reserves rise

Star Business Report

Foreign exchange reserves have slightly gone up after a year-long stagnation, rising to US\$ 1713 million. The reserves had gone down to as low as US\$ 1.6 billion, the lowest in last two financial years, barely enough to meet two and a half months' merchandise import, in mid-August. On August 28, the figure was up by more than US\$ 100 million.

But the question remains whether this upward trend will continue. Much will depend on the government's quick decisions regarding the GSP and

shrimp disputes with the European Union, officials said. Because, they said, with the uncertainty in the knitwear sector, most orders were suspended awaiting resolution of the issue.

Meanwhile, the foreign exchange reserves of the local banks with their overseas correspondent banks and agents has come down by about 15 per cent in three months.

The figure was US\$ 300 million on August 28, down from US\$ 354 million in May, the central bank officials said.

Their balance with FC clearing accounts with Bangladesh Bank now stands at US\$ 223 million.

According to finance ministry sources, the forex reserve of the banks with their overseas banks are not reflected in the official figures. But this money is always countable as reserve because this is also used to meet expenditures in foreign currency.

The exchequer experienced its first major reserve drawdown in 1995-96 when it lost as much as US\$ 1.06 billion in only one year. The slide was checked in 1996-97 to a large extent when a sum of US\$ 320 million was lost.

A high expansion of domestic credit that pushed up the demand for consumer goods

and a huge import of food were responsible for the big fall in reserves in 1995-96.

From US\$ 3.07 billion in June 1995, it plummeted to US\$ 2.039 billion in June 1996. The reserve was US\$ 2.013 billion in July 1996, US\$ 2.065 billion in August, US\$ 1.979 billion in September and US\$ 1.914 billion in December. In January 1997, it was US\$ 1.984 billion.

The government's target is to maintain the reserve level at US\$ 2.3 billion, so that it is in position to pay for three months' imports at any time.

Jute buying gains momentum in Khulna

KHULNA, Sept 3: Jute purchasing has been going on in full swing at 53 centres of Khulna region and so far seven lakh maunds of jute has been purchased by eleven jute mills of the region, according to official sources here, reports BSS.

The price of jute per maund varies from Taka 250 to Taka 350 according to quality, the sources added.

The target for jute purchases has been fixed at over fifteen lakh maunds during the current season lasting from August to December.

Jute mills of the region will need over Taka one hundred crore for purchasing jute while Taka twenty crore has so far been spent for the purpose, said the sources.

According to another source, eleven jute mills of Khulna region exported jute and jute goods worth Taka 287 crore eleven lakh during the last financial year (1996-97).

The jute mills of the region were losing twenty per cent of their production because of irregular power supply. Frequent strikes at Mongla Port also hampers export of jute and jute goods.

Bangladesh exports jute and jute goods to several dozen countries of Europe, Africa, America and Asia continents, the source said.

Cancellation of GSP certificates 'Bring buyers into the scene'

Bangladesh Garment Manufacturers and Exporters Association president Mostafa Golam Quddus yesterday urged the government to involve exporters, importers, the EU authorities in its efforts to resolve the GSP crisis.

Quddus asked the government to sit with all the parties before taking any decision regarding cancellation of the 6,910 disputed GSP certificates.

"The government should not cancel those certificates unilaterally," he told members of Overseas Correspondents Association of Bangladesh (OCA) at a meeting prior to the "Bangladesh Textile Exposition 1997", an annual event scheduled to start October 2 this year.

"We are suggesting involvement of BGMEA members as well as importers to ensure 100 per cent transparency," Quddus said.

The BGMEA president reiterated his earlier demand that the government must not cancel the disputed certificates as the buyers in the Europe would also be severely affected by the cancellation.

"Some of the buyers will be bankrupt," he said, warning that they would lose their interest in Bangladesh apparels and garments.

Quddus said exporters had received positive response from such new markets as South America, CIS and Scandinavian countries.

"Now is the time to go for high-priced products like fashion wears and other such items. But, the government has imposed a ceiling on value addition which bars manufacturers from producing those items," he said.

Quddus said the government rules required them to add value to fashion items to an ex-



Mostafa Golam Quddus

port which is only possible by charging higher cutting and making charges.

"We cannot charge high in this very competitive market," he said adding the government was considering a reduction in the ceiling.

He said a proposed private fashion university, Dhaka Imperial University, would start functioning sometime next year.

BGMEA will also set up a fashion school with the financial help of the government and the UNDP.

Police Tuesday recovered fake soaps using the trade marks and distorted names of popular brands of Lever Brothers from the city's Moulvibazar area, reports UNB.

Lalbagh police went on operation in the area after the Lever Brothers Bangladesh Ltd lodged a complaint with the thana in this regard.

Over 80 per cent of the foreign workforce is Burmese, hundreds of thousands have fled harsh conditions and economic hardship in the junta-ruled state, preferring to work for meagre wages in Thailand.

It was not immediately clear how any cuts in the foreign workforce would be made, since only about half of illegal immigrant labour has been properly registered under a scheme introduced last year.

The employers confederation of the Thai trade industry has warned that 152,000 to 180,000 jobs could go in six key sectors by the end of the year, if Thailand's economic crisis deepens.

The construction is likely to be hardest hit, with 60,000 layoffs, while 30,000 more jobs could go in both the automotive industry and the services sector, the Bangkok Post reported on Monday.

Thailand may go for cut in foreign labour

BANGKOK, Sept 3: Thailand is to consider cut backs in the foreign immigrant workforce in a bid to counter rising unemployment amid the country's economic downturn, press reports said yesterday, reports AFP.

The Council of Economic Ministers on Monday assigned the Ministry of Labour to review cuts in skilled and unskilled alien labour in Thailand, the Bangkok Post reported.

Between 700,000 and one million foreigners, mostly illegal immigrants from Thailand's poorer neighbours Myanmar, Cambodia and Laos, are estimated to work in Thailand, although only 370,000 are legally registered.

Although most are labourers, the foreign workforce in 1996 included 185,000 skilled workers and professionals, such as engineers, mechanics, accountants and architects, the report said.

ROK keen to invest more in EPZs

The South Korean Vice Foreign Minister Lee Ki Choo has said that his country is interested to invest more in Bangladesh particularly in EPZs, says a press release yesterday.

Lee said this while visiting the Dhaka Export Processing Zone at Savar.

The Executive Chairman of the Bangladesh Export Processing Zones Authority Moazzem Hossain Khan briefed the Korean minister about the entire gamut of the two EPZs.

Lee said his country gives priority treatment to Bangladesh in regard to foreign investment. The South Korean EPZ in Chittagong is a bright example, he added.

Fake soaps recovered

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New chairman of BCMA

Agha Ahmed Yusuf, Managing Director of Alpha Tobacco Mfg Co Ltd, an enterprise of ERBA & Associate Companies, has been elected uncontested the chairman of Bangladesh Cigarette Manufacturers Association, a national forum of the industries in private sector, says a press release.



David Smith, Regional General Manager, Middle East, ANZ Bank, recently inaugurated the refurbished 'Dhammondi Branch' of ANZ Grindlays Bank, Bangladesh. Also seen in the picture is Muhammad A (Rume) Ali (extreme right) General Manager Bangladesh.

Business houses welcome decision Indian Congress flays oil price hike

NEW DELHI, Sept 3: The leftist partners in India's multi-party Government and the Congress yesterday flayed the hike in prices of petroleum products, report agencies.

Congress termed the step "unwarranted and tragic" but said the party would not withdraw support to the United Front government.

The Communist leaders said that it was anti-poor and short-sighted. The leaders, however, ruled out withdrawing support to the UF coalition over the issue.

Meanwhile, the industry welcomed the decision.

The overall effect of the decision would be inflationary, AICC Assistant Spokesman Ajit Jogi told reporters here.

"We consider this to be a step which will hit the common man very badly," he said rejecting the view the hike was "inevitable."

Jogi's statement was at variance with that of senior party leader Pranab Mukherjee who last night described the hike as "inevitable." Mukherjee also said he expected the government to come out with a total package as "ad hoc increase will not help."

Replying to questions, Jogi said he was not aware of any reaction given by Congress leaders and added what he was say-

ing was the official stand of the party.

"We will not do anything to destabilise this government from our side," he said when asked why the party was not withdrawing support to the government.

In reply to a question, he said his party was neither consulted nor its consent obtained by the government before effecting the hike.

Indian industry generally welcomed the move.

"There is a decision at last," Tarun Das, secretary-general of the Confederation of Indian Industry said. "With inflation running below four per cent, there is nothing to worry about."

V. Raghuraman, secretary-general of the Associated Chambers of Commerce and Industry added: "It was long overdue. The diesel prices reflect the depreciating rupee. It is better to hike prices than escape reality and come up with a steep rise all of a sudden."

A 25 per cent petrol price hike in July 1996 sparked a revolt by the leftist parties within the front, leading to a climb-down.

The country is estimated to have 28 billion tonnes of oil and gas reserves. It currently consumes 20 million tonnes of oil a year.

Tobacco cos raise cigarette prices

NEW YORK, Sept 3: Major tobacco companies raised wholesale cigarette prices about seven cents a pack Tuesday in what analysts saw as a down payment on the smoking suit settlements that would cost the industry billions of dollars, reports AP.

The increase was the second this year, following a rise of about five cents a pack in March. The latest increase amounts to a rise of about 7.5 per cent in the wholesale price of cigarettes which should translate into a four per cent increase at retail.

Analysts said the latest increase should cover the first-year costs of legal settlements reached with the states of Mississippi and Florida over the states' claims to recover Medicaid payments made to treat sick smokers.

They said the industry's quick move to match the biggest cigarette maker Philip Morris USA in raising prices may be intended to encourage Congress to approve a broader national legal settlement reached in June.

The White House is reviewing that proposed 368.5 billion dollar settlement plan reached with a majority of state attorneys general and various anti-smoking activists.

Higher tobacco prices could reduce demand for cigarettes by youngsters, backers of the agreement say. But critics have called the settlement too generous to the tobacco industry and say it is unfair to have current smokers shouldering the costs.



The bid opening ceremony at WAPDA building yesterday.

450 MW Meghnaghat Power Plant American company quotes lowest in bidding

Star Business Report

An American company, one of the five pre-qualified Independent Power Producers for the proposed Meghnaghat Power Plant, offered the lowest tariff for one kilowatt-hour.

The company, AES Transpower Private Ltd., quoted Taka 1.247 (0.02790 US dollar) per kilowatt hour, says a PDB press release.

The bids were formally opened at WAPDA Building in the city yesterday. Nuruddin M Kamal, Chairman of Bangladesh Power Development Board inaugurated the bid meeting.

The second lowest offer came from M/s Marubeni Corporation, Japan/Sithe Energies.

USA, Inc who quoted Taka 1.49 (0.03336 US dollar) per kilowatt-hour.

The tariffs will be evaluated simultaneously by the consultant K&M Engineering and Consulting Corp. USA and PDB Evaluation Committee. PDB will review the evaluation prior to recommending the same to the government.

The financial close of the project may take place by the end of this year, the release added.

PDB is likely to begin negotiation with the qualified bidder shortly to reach a final contract for purchase of power from the plant.

The Meghnaghat Power Plant will be a gas-fuelled combined-cycle project with a generation capacity of nearly 450 MW, which amounts to almost 20 per cent of the present power demand in the country. The plant is scheduled to come into commercial operation by July 2000. Total projected cost of the plant is approximately 300 million US dollar. Asian Development Bank has assured to provide financial support to the tune of 50 million US dollar. World Bank may also participate in financing through an infrastructure development fund established for such projects.

Polish buyers make tea auction strong

CHITTAGONG, Sept 3: The weekly tea sale held here Tuesday marked strong demand by Polish buyers for large and bold broken with increased support from Russia at Tk one. 1.8095 level, reports BSS.

According to market sources, there was also a good support from Pakistan and Afghanistan but generally at rates below last week.

Internal buyers including blenders continued to lend good support for all small and broken and fannings, especially the better liquoring types, the sources added.

Large and bold broken had a strong market and sold at firm to dearer levels often up to Tk one over last levels.

Medium and small broken had also a good market but generally sold at Tk one to Tk two

lower, best liquoring types were about steady.

Demand for all fannings improved but generally sold at Tk one to Tk two below last rates, good liquoring types, however, registered a lesser drop offer up to Tk one.

A total of 230 chests of green tea were on offer and sold well at above valuations, fine young hyson between Tk 128 and Tk 129, young hyson at Tk 132 and hyson at Tk 117.

There was 1,466 chests and 1,690 gunny sacks on offer once again and met with a good demand, good liquoring sold well generally at firm to slightly easier rates.

Powdery types were generally firm. Internal and Pakistani buyers continued to lend good support.

Dollar rises against major currencies

NEW YORK, Sept 3: The dollar rose against major currencies Tuesday, setting a nearly two-week high versus the German mark, following the US stock market rebound and the Bundesbank's decision to leave interest rates alone, reports AP.

The dollar also got some help from a weak Japanese retail sales report that added to the pessimism about Japan's economy. Japan's minister of finance suggested interest rates will remain low and said the yen's recent weakness is in line with economic fundamentals.

"The dollar looks set to move higher during the rest of the month," said Roger Chapin, foreign exchange manager at

Banc One International in Columbus, Ohio.

In late New York trading, the dollar was quoted at 1.8335 German marks, up from 1.8095 late Friday. US financial markets were closed Monday for Labour Day.

The dollar also traded at 121.47 Japanese yen, up from 120.80. The British pound was quoted at 1.5920 dollars, down from 1.6200 dollars.

Other late dollar rates in New York, compared with late Friday: 1.5070 Swiss francs, up from 1.4925; 6.1665 French francs, up from 6.0920; 1.786.00 Italian lire, up from 1.770.00; and 1.3841 Canadian dollars, down from 1.3883.

Exchange Rates

The following are the Janata Bank's dealing rates (BD Tk for one unit of Foreign Currency) to public as 03/09/97.

Name of Currency	Buying			Selling		
	TT	OD	OD	TT	OD	OD
	Clean	Sight	Export	Clean	Sight	Export
		Bills	Bills		Bills	Bills
US Dir	44.4200	44.2493	44.1334	44.4200	44.2545	44.1580
GB Pound	70.3602	70.0737	69.8901	70.3454	70.0833	69.9305
D Mark	24.1097	24.0116	23.9486	24.0952	24.0055	23.9531
F Franc	7.1671	7.1379	7.1192	7.1610	7.1343	7.1188
J Yen	0.3646	0.3631	0.3622	0.319534	0.31843	0.317649
S Franc	31.9598	31.8297	31.7463	29.3576	29.2482	29.1845
S Franc	29.3598	29.2403	29.1636	0.3624	0.3610	0.3602

Name of Currency	Buying			Selling		
	TT	OD	OD	TT	OD	OD
	Clean	Sight	Export	Clean	Sight	Export
		Bills	Bills		Bills	Bills
US Dollar	44.7115	44.7510	44.7505	44.7105	44.7505	44.7505
GB Pound	71.3759	71.4555	71.3615	71.3615	71.4254	71.4254
D Mark	24.5103	24.5376	24.5099	24.5099	24.5319	24.5319
F Franc	7.2857	7.2938	7.2838	7.2838	7.2904	7.2904
J Yen	0.3731	0.3735	32.4973	32.4973	32.5264	32.5264
C Dollar	32.4848	32.5210	29.8664	29.8664	29.8931	29.8931
S Franc	29.8511	29.8844	0.3724	0.3724	0.3728	0.3728

The following are the Sonali Bank's dealing rates (BD Tk for one unit of Foreign Currency) to public as 03/09/97.

Name of Currency	Buying			Selling		
	TT	OD	OD	TT	OD	OD
	Clean	Sight	Export	Clean	Sight	Export
		Bills	Bills		Bills	Bills
US Dir	44.4200	44.2545	44.1580	44.4200	44.2545	44.1580
GB Pound	70.3602	70.0737	69.8901	70.3454	70.0833	69.9305
D Mark	24.1097	24.0116	23.9486	24.0952	24.0055	23.9531
F Franc	7.1671	7.1379	7.1192	7.1610	7.1343	7.1188
J Yen	0.3646	0.3631	0.3622	0.319534	0.31843	0.317649
S Franc	31.9598	31.8297	31.7463	29.3576	29.2482	29.1845
S Franc	29.3598	29.2403	29.1636	0.3624	0.3610	0.3602

Name of Currency	Buying			Selling		
	TT	OD	OD	TT	OD	OD
	Clean	Sight	Export	Clean	Sight	Export
		Bills	Bills		Bills	Bills
US Dollar	44.7115	44.7510	44.7505	44.7105	44.7505	44.7505
GB Pound	71.3759	71.4555	71.3615	71.3615	71.4254	71.4254
D Mark	24.5103	24.5376	24.5099	24.5099	24.5319	24.5319
F Franc	7.2857	7.2938	7.2838	7.2838	7.2904	7.2904
J Yen	0.3731	0.3735	32.4973	32.4973	32.5264	32.5264
C Dollar	32.4848	32.5210	29.8664	29.8664	29.8931	29.8931
S Franc	29.8511	29.8844	0.3724	0.3724	0.3728	0.3728

Shipping Intelligence

Chittagong port									
Berth position and performance of vessels as on 3-9-97									
Berth No	Name of vessels	Cargo	Local agent	Local call	Date of arrival	Leaving	Agent	Date of arrival	Leaving
J/1	GI	Bank	Rainbow		27/8	4/9			
J/2	Esco Argo	Kind	PSAL	12/8	6/9				
J/3	Canon Arican	Cement	Sing	Tal	27/8	5/9			
J/4	Arktis Venture	GI	Tian	Baridhi	22/8	5/9			
J/5	Tong Chuan	GI	Sing	AAS5	1/8	4/9			
J/6	Hill Harmony/Khanak	Wheat	Kara	RSLS	30/8	10/9			
J/7	Alam Tangkas	Tallow	Col	BSC	30/8	6/9			
J/8	Banglar Doot	GI	Sing	Ipl	22/8	6/9			
J/9	Agra	GI	Sing	Ap(B)	27/8	3/9			
J/10	Da Fu	Cont	Sing	P(BD)	30/8	5/9			
J/11	Kota Pusaka	Cont	Sing	P(BD)	23/8	4/9			
J/12	Sea Elegance	Cont	Col	Bdshp	29/8	5/9			
J/13	Weser Star	Cont	Col	Baridhi	27/8	3/9			
J/14	Dragon Sentosa	Cont	Lian	Hond	28/8	10/9			
J/15	Chowin Hope	Idie	Nishan	More	21/8	4/9			
J/16	Zara	Repair	Kara	More	30/8	3/9			
J/17	Aspidoforos	R Sulp	Lans	Delmure	12/8	10/9			
J/18	Alam Embong	Tallow	Mina	MSTPL	30/8	3/9			
J/19	Ya Feng	Cement	Sing	RML	15/8	3/9			
J/20	Chilam Castle	HDS	Col	BSC	R/A	3/9			
J/21	Energetic	Cement	Para	PSAL	8/6/95				
J/22	Banglar Shourabhi	Idie	Peana	USTC	28/8	10/9			
J/23	Tanary Star	Idie	Cross	R/A	5/9				
J/24	Bustan	Repair	Mong	BSC	10/8	3/9			
J/25	Ocan-1	Idie	Mong	CCNL	28/8	6/9			
J/26	Banglar Asia	Repa							
J/27	Sea Bird	Urea							

Vessels due at outer anchorage						
Name of vessels	Date of arrival	Last port call	Local agent	Cargo	Loading	Discharge
Venturer	3/9	Puja	Simni	Scraping		
Tong Ah	3/9	Sing	MBL	Smst Flores		
Fortune Star	3/9	Hald	UMTL	For Bunkering		
Padma 26/8	4/9	Sing	RSL	Cont		Sing
Genevieve-II	13/9	Somg	MBL	Smst Lombok		
Meng Lee 22/8	5/9	Sing	Bdship	Cont		Sing
Ultima 26/8	5/9	Mong	Baridhi	Cont		Sing
Anilida	5/9		BNSC	Cement		
Diligence Cont 27/8	5/9	Sing	OCSL	Cont		Sing
Vanesa 26/8	5/9	Sing	RSL	Cont		Sing
Voccan	6/9		Oil	GI		
Vishva Pankaj	7/9	Mad	SSL	GI		
Asian harp 17/8	6/9	Koch	BBA	Vehi		
Meng Kiat 26/8	6/9	Col	AML	Cont		Col
Meng Yang 11/8	6/9	Sing	AML	Cont		Col
Hui feng	7/9	Dal	USTC	Cement		Sing
Banglar Moni 26/8	9/9	Sing	BSC	Cont		Sing
Kota Birtang 28/8	7/9	Sing	PI (BD)	Cont		Sing
Pacific Ocean-III	8/9	Mala	OTBAL	In Ballast		
QC Teal 31/8	8/9	Sing	QCSC	Cont		Sing
Kimberley	9/9	Dal	MBL	Cont		Sing
Nei Jiang	8/9		OCSL	GI		
Lamphun Navee 2/9	9/9	Sing	RSL	Cont		Sing
Fong Lee 26/6	10/9	Sing	Bdship	Cont		Sing
Amyra Jaya II 48/27/8	10/9		Everett	GI		
Ritz	11/9	Mumb	Cross	GI		
Saipan Pioneer 2/9	11/9		Bdship	Cont		Col
Oc Pintad 1/9	12/9	Sing	OCSL	Cont		Sing
Hanglar Rona 2/9	12/9	Sing	BSC	Cont		Sing
Fong Yung 2/9	12/9	Sing	Bdship	Cont		Sing
Yi Mig	16/9		Oil	GI		
Fong Dar 26/8	19/9		AML	Cont		Sing