



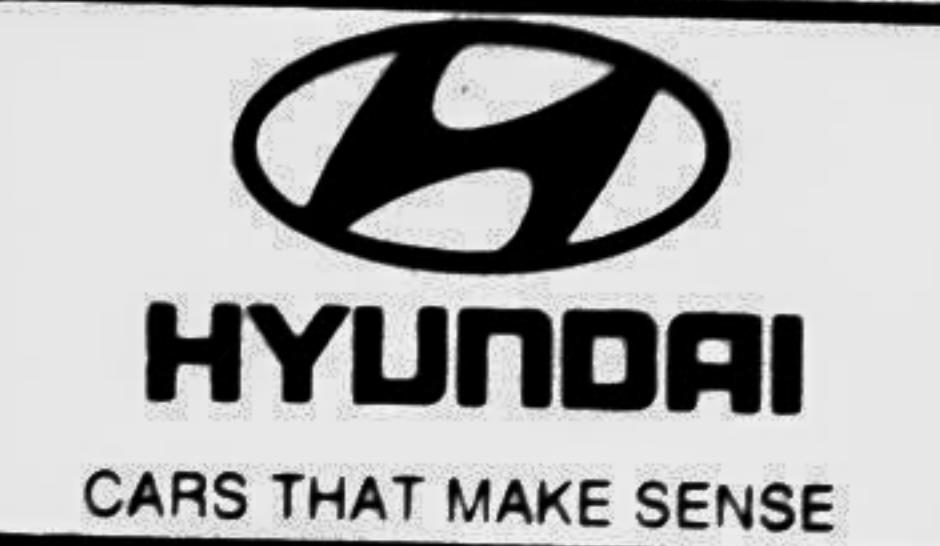
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The Daily Star BUSINESS

DHAKA THURSDAY, SEPTEMBER 4, 1997



Forex reserves rise

Star Business Report

Foreign exchange reserves have slightly gone up after a year-long stagnation, rising to US\$ 1713 million late last month, Bangladesh Bank officials said.

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.

and a huge import of food were 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 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

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 mounds of jute has been purchased by eleven jute mills of the region, according to official sources here, reports BSS.

The price of jute per mound 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 mounds 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.

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.

New chairman of BCMA

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

SEC, USAID sign accord to help regulators in Third World

WASHINGTON, Sept 3: The US government's market watchdog agency will help securities regulators in developing countries under a four million dollars agreement signed Tuesday by the Securities and Exchange Commission and the US Agency for International Development, reports AP.

SEC employees will provide technical assistance to securities regulatory agencies and stock exchanges in developing countries under the five-year programme, which will be funded by the aid agency and jointly administered.

This programme reflects the SEC's commitment to strengthening global securities markets and making them safer for both American and foreign investors, Robert D. Strafka, assistant director of the SEC's office of international affairs, said in a statement.

Cancellation of GSP certificates 'Bring buyers into the scene'



Mostafa Golam Quddus

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 (OCAB) 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 Bangladeshi apparels and garments products.

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-

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.

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.

Over 80 per cent of the foreign workforce is Burmese, hundreds of thousands have faced 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 immigrants have 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.

Fake soaps recovered

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

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

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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.

David Smith, Regional General Manager, Middle East, ANZ Bank, recently inaugurated the refurbished "Dhanmondi Branch" of ANZ Grindlays Bank, Bangladesh. Also seen in the picture is Muhammad A (Rumee) 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 shortsighted. 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 commonman 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 "adhoc 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 24 million tonnes of oil a year.

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The bid opening ceremony at WAPDA building yesterday.

450 MW Meghnaghat Power Plant

American company quotes lowest in bidding

Star Business Report

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 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 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.

PM promises help to shrimp exporters

Star Business Report

Prime Minister Sheikh Hasina has promised her support to frozen food exporters in their efforts to overcome the crisis created by the temporary EU ban on Bangladeshi shrimp.

At a meeting with the PM yesterday, the Bangladesh Frozen Foods Exporters Association (BFFEA) leaders told her that the frozen food sector could earn Tk 5,000 worth of foreign currency within the next four years if certain shrimp development schemes were taken, association sources said.

They urged the PM to make a Cabinet sub-committee on shrimp to deal with various aspects of production and trade. They also called for creating a "Shrimp Development Board", a longtime demand of the exporters.

"The prime minister assured them of her full cooperation and support," Sheikh Hasina was quoted as telling them.

"Shrimp has enormous prospects and we have to push it forward by any means," she said.

In a memorandum, the BFEA requested the prime minister to the EU assuring of its commitment to comply with health regulations.

"We are quite happy over the meeting with Prime Minister," said BFEA president Golam Mostafa who led the exporters' team to the meeting.

He told The Daily Star that the PM's concern would really encourage them to work hard and overcome the present crisis.

Shipping Intelligence

Chittagong port

Berth position and performance of vessels as on 3-9-97

Berth No	Name of vessels	Cargo	L port call	Local agent	Date of leaving	Leaving arrival
J/1	Cl	Bank	Rainbow			
J/1	Esco Argos	Cl	Bank	Rainbow	27/8	4/9
J/2	Canon Aircan	Cement	Kind	PSAL		