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HYUNDAI
CARS THAT MAKE SENSE

Private insurers unwilling to share the burden

Six years on, 10 farms keep paying

By Toufique Imrose Khalidi

Until they were thrown out of business by "an act of God" in 1991, they were handling some 30 per cent of shrimp exports from Bangladesh.

More than six years on, the 10 exporting firms based in Chittagong and Cox's Bazar are still out of business, and a solution remains elusive despite intervention from top government functionaries including the prime minister.

The May 1991 elemental swoop swept away their frozen shrimps awaiting export, creating a liability of Tk 27.4 crore for four commercial banks, which financed the farms against hypothecation or pledge of stock. The products, therefore, were considered as bank property until export. The banks which paid the premium

as part of the loan deal were the beneficiary, not the exporters. The exporters are however paying the price.

Cyclones had struck before export, and the insurers refused to settle claims calling it "an act of God", which was not covered by insurance terms. Seven insurance companies involved, six of them private, refused saying that there was no legal obligation for them. The four banks were therefore supposed to shoulder the responsibility.

So the government decided to ask the banks to write off the loans. "Since the banks are liable to settle the claims with the insurance companies and the exporters cannot be held responsible for the losses, the banks, therefore, should be

asked to write off the loans and the interests against the damaged products and continue to provide working capital," the commerce secretary after a meeting of the Task Force on exports wrote to the finance secretary in December 1994.

The matter was discussed at the finance ministry, and then referred to the National Committee on Exports headed by the prime minister which called for sharing the burden by the three parties — bankers, insurers and exporters.

Accordingly, the three groups met with the Banking Secretary in April 1995 to agree to bear a third of the liability by each of the parties. The decision, coming through an official notification, was to be imple-

mented by June 30 1995.

The six private insurance companies again refused to pay, citing legal and procedural complications.

This angered the Banking Division which had the prime minister's office approve a decision to cancel the enlistment of the six companies, which have long benefitted from generous government provisions for private insurers.

Then, to reduce the burden on the private companies, the government decided to ask their re-insurer, state-owned Sadharan Bima Corporation (SBC), to pay 50 per cent of the claims.

The only barrier now is the refusal by six private insurance companies to pay one sixth of claims, which come to about Tk

4.57 crore. The two other parties — the exporters and the banks — have agreed to pay for their part of the liability. They are to pay Tk 9.13 crore each.

Again, the matter went to the level of the prime minister who, at a meeting of the National Committee on Exports a year ago, asked the commerce secretary to resolve the issue through discussions with the concerned parties. The insurance companies did not respond to the commerce secretary.

The Task Force on Exports, headed by the commerce minister, discussed the issue again last month and decided to meet the insurers. The meeting will take place tomorrow.

This is not a matter of obligation or enforcement. If the private insurers pay, we will

pay as their re-insurer in the greater national interest," a top SBC official told The Daily Star.

The government has been aware of the problem facing the exporters. In March 1996, the banking division asked the banks not to go ahead with loan recovery initiatives.

The exporters have also been accommodative as they have agreed to share the burden. But the private insurers are not. "The reason why we are paying is also why the private insurers should pay," says Golam Mostafa of Bangladesh Frozen Food Exporters Association.

But the bottomline is: until the problem is resolved, the banks will not finance these exporters.

Expert says

Entire eastern Bangladesh very rich in gas deposits

Geological formation of Bangladesh is suitable for hydrocarbon deposit and the entire eastern part of the country from Sylhet to the offshore areas in Chittagong is very rich in gas deposits, Chairman of the Geological Department of Dhaka University Prof Badrul Imam said here Saturday, reports BSS.

He said all the geological preconditions required to hit gas were found to be satisfactorily existing in eastern Bangladesh. He said on an average drilling of three exploration wells one was hitting gas in Bangladesh and in some cases drilling of one well only was hitting gas. But the world average was drilling of 5 to 10 exploration wells, one hits gas, he added.

Dr Imam was giving a popular lecture on "Is Bangladesh

Floating on Natural Gas" held at the National Museum of Science and Technology at Sher-e-Bangla Nagar here.

Organised by the Science Museum, the lecture session was chaired by Science Secretary M Fazlur Rahman. Food Secretary Abdul Hamid Chowdhury was the chief guest while Director of the Museum AM Azizur Rahman Khan also spoke.

Dr Imam said out of 13.7 trillion cubic feet of proven gas reserves in 21 gas fields in the country 2.9 trillion cft was recovered and used so far.

Referring to opening of Bangladesh for foreign investment to explore gas and oil, he said gas is a non-renewable source of energy formed millions of years ago and maximum care should be taken in handling the matter.

Dhaka to receive Tk 33 cr Japanese grant

Japan and Bangladesh have signed an agreement concerning Japanese grant aid totalling 872 million yen (Taka 33 crore approximately), says a press release.

Yoshikazu Kaneko, Ambassador of Japan to Bangladesh and Dr. AKM Masihul Rahman, Secretary, Economic Relations Division signed the exchange of Notes on behalf of their respective governments in the city yesterday.

Under the Exchange of Notes, Japan will provide Bangladesh with a grant assistance of 872 million yen (Taka 33 crore approximately). Out of this amount 864 million yen will be utilised for the design and construction of Madhya Bausia Bridge of Dhaka-Chittagong highway and the rest eight million yen will be utilised for the detailed design study of Mohakhali-1 Bridge, Asharichar-1 Bridge, Asharichar-2 Bridge and Bhaterchar Bridge.

Deal for a mobile boat hospital

An agreement was signed yesterday between Impact Foundation Bangladesh and Midship Builders for construction of a floating river boat hospital to be named 'Jibon Tori'.

The boat is expected to be constructed within a year. The key objective of the project is prevention of disability through clinical and surgical treatment and primary health-care intervention in 22 southern districts of Bangladesh.

The mobile boat hospital project of Impact Foundation Bangladesh is funded by The United Kingdom Impact Foundation.

The agreement was signed by Shafat Ahmed Chaudhuri, Secretary, Chairman, Impact Foundation Bangladesh on behalf of Impact Foundation Bangladesh and Major (Retd) A Subhan on behalf of Midship Builders.

Samad Azad tells SAARC ministers

Promote common positions on trade, investment

Foreign Minister Abdus Samad Azad Saturday underlined the imperative need of a collective stand of SAARC member states to forcefully promote their common positions and concerns on crucial issues including trade, investment, environment, transfer of technology, capital and access to markets.

The current trends of globalisation and liberalization were imposing a heavy burden on the developing countries especially the LDCs (least developed countries) who were becoming "marginalised from the mainstream of the global economy". Azad told the 19th session of the SAARC council of ministers in Male, the Maldives. He said "therefore, there is an imperative need to present a united front".

The Maldives president Maumoon Abdul Gayoom inaugurated the two-day meeting.

This is the first SAARC council of ministers meeting after the 9th SAARC summit held

in Male in May this year.

Describing the decision of the SAARC leaders to formulate collective position in international fora on issues of common concern as a "positive development", Azad said SAARC foreign ministers should avail all opportunities to identify issues of common concern and strongly articulate common position. Such a position, Bangladesh foreign minister said will not only enhance the international profile of South Asia, but make member states more effective in negotiating with the developed countries and international organizations.

The foreign minister who advocated for holding more substantive meetings with other regional bodies like EU and ASEAN, expressed his happiness that SAARC and ASEAN have entered into a more productive and closer phase of cooperation which would benefit SAARC members

from the rich and wide experience of ASEAN. He said since there is a general consensus that SAARC process should not be confined to intergovernmental cooperation, the on-going cooperation with international and regional organisations should be further strengthened and deepened.

While emphasising on greater economic cooperation, particularly in trade and investment, he however remained that "we must ensure that all countries especially the LDCs benefit from such cooperation."

Kibria opens 10-day trade fair in Habiganj

HABIGANJ, Nov 30: A 10-day trade fair, aiming to inspire the farmers to use modern technologies in cultivation, began here today, reports UNB.

Finance Minister Shah AMS Kibria opened the fair organised by Agricultural Ministry to expand irrigation management and boost agricultural production.

A total of 35 stalls were set up in the fair where different directorates of the government and producers of agri inputs are taking part.

Inaugurating the fair, Kibria laid emphasis on adopting modern methods in cultivation alongside using high yielding seeds to boost production.

The function was addressed, among others, by Mostafa Shahid, MP, Hosne Ara Wahed, MP, Pourashava Chairman Shahid Chowdhury and Dr Mushfique Hossain Chowdhury.

Later, the Finance Minister went round different stalls and saw the use of modern technologies, said an official hand-out.



Area Marketing Manager of Chupachups Group of Spain, Claudio Bernardini gave away prizes among the best dealers at 'Dealers Night' organised by Mousumi Enterprises held at a city hotel recently. M Amanullah of Mousumi enterprises was also present on the occasion.

Iraq accepts renewal of oil-for-food deal

BAGHDAD, Nov 30: In an abrupt change, Iraq agreed to the renewal of a UN plan that allows it to buy badly needed food and medicine, reports AP.

The announcement Saturday marked an about-face by Iraq on its all-or-nothing stand on the easing of UN sanctions.

Last week, Iraqi diplomats were telling reporters in New York that their government was not interested in renewing the 11-month-old programme, which allows Iraq to export two billion dollars of oil every six months to buy humanitarian supplies.

The diplomats said Iraq sought nothing short of the total lifting of the embargo imposed after Iraq's invasion of Kuwait in 1990.

On the state-run Iraqi News Agency, Iraq's Information Ministry declared that the government "does not oppose in principle the renewal of the oil-for-food agreement between Iraq and the United Nations".

Saturday, however, the information ministry said: "Iraq has accepted the oil-for-food deal as a temporary measure, not as an alternative to the complete lifting of sanctions."

Commodity market: Gold falls, tea rises, oil fluctuates

LONDON, Nov 30: Gold price plunged to a twelve-and-half-year low this week, slumping below the psychological 300-dollar mark as technical traders and fear of central bank sales tarnished traders' lust for the metal dealers from Australasia through Asia, America and Europe off-loaded contracts as the precious metal lost its shine as a safe-haven investment and suffered what one analyst termed a veritable "revolution".

Technical trades unleashed by the expiry of options contracts on the US futures market sparked off widespread selling as the spectre of central bank sales returned to spread panic among investors.

Members of the European central bank have not yet resolved what role, if any, gold will play in the strategic reserves of the future European central bank.

Meanwhile, investors in Southeast Asia have sold off gold stocks to cover losses on the financial markets, as turmoil stuns the former tiger economies. Gold has lost its safe-haven status there.

The threat of devaluation of the Indian currency has weighed prices down further. India is by far the greatest consumer of gold in the world.

Meanwhile, oil prices weathered a burgeoning crisis in Iraq and the threat of higher output ceilings from the world's dominant producer group.

GOLD: Gloom. Gold prices plunged below 300 dollars an ounce for the first time in 12 and a half years as gloomy investors worried about central bank bullion sales and weak demand in Southeast Asia launched a wave of selling.

Asia, and on to Europe.

However, the most pessimistic scenario envisaged by some analysts — that prices would plunge this week to 285 dollars per ounce — did not materialise, as the market managed to stabilise at the end of the week.

Yet the bullion market has no hope of recovering because central bankers are continuing to offload gold stocks in favour of higher-yielding assets such as US or German bonds and the strong dollar, analysts said.

There are growing signs that the future European central bank may only keep a small part of the gold reserves of countries launching the single European currency in January 1999.

SILVER: Rise. Silver prices strengthened modestly, rising three cents to 5.30 dollars per ounce.

PLATINUM AND PALLADIUM: Negative. Fears that the financial crisis in Japan will affect demand for platinum and palladium in the archipelago, the world's biggest consumer of the two metals, drove prices down.

COPPER: Tumble. Copper prices fell slightly this week as Japan and South Korea — formerly two key copper consumers — were swept away in the financial crisis affecting Southeast Asia.

LEAD: Heavy. Lead prices fell in the wake of copper and zinc this week.

ZINC: Tarnished. Zinc prices fell slightly amid quiet trade, as buyers stayed away from the market.

Three-month Zinc prices fell by 61 dollars to about 1,176 dollars per tonne.

ALUMINIUM: Slip. Aluminium prices fell slightly amid profit-taking that fol-

lowed lower copper prices early in the week.

Three-month aluminium prices slipped to 1,610 dollars per tonne from 1,647 dollars last week.

NICKEL: Lighter. Nickel prices rose slightly in the light of an increase in imports into Japan, which purchased 6,232 tonnes of metal last month, compared with 4,974 tonnes in September and 4,716 tonnes in October 1996.

TIN: Higher. Tin prices rose after a slump in market reserves.

LME stocks fell to 8,015 tonnes from 8,120 tonnes at the end of last week.

Oil: Restrained. Oil prices fluctuated slightly as members of the 11-member Organisation of Petroleum Exporting Countries met in Jakarta to flesh out an increase in output levels, while renewed tension between Baghdad and the United Nations marginally lifted prices.

The price of a barrel of crude for delivery in January rose by nine cents to 18.76 dollars per barrel on the London Petroleum Exchange.

RUBBER: Stuck. Rubber prices remained unchanged at 545 pounds per tonne, amid extremely quiet trade.

The Lewis and Peat trading house said that supply was plentiful, but that key buyers such as Korea and Japan had been kept at bay by financial turmoil there.

COCOA: Weak. Cocoa prices fell slightly, losing eight dollars to 1,025 dollars per tonne, as demand was affected by the strength of sterling against the US dollar, which made London cocoa contracts expensive for foreign buyers.

COFFEE: Hot. Coffee prices in London moved higher amid signals that rainfall in Indonesia will not wipe out all the damage to crops from the searing drought the country has suffered.

The price of robusta beans on the London futures market gained 29 dollars to 1,639 per tonne.

The poor prospects for Indonesia's harvest compensated for relatively flat demand. Although the harvest is likely to be more plentiful than once feared, the rains will not significantly improve the pickings, GNI trading house said.

SUGAR: Sweeter. Sugar prices sweetened slightly this week. On the London futures market, the price of white sugar gained 70 cents to 310.60 dollars per tonne.

This modest rise was due to solid demand in India, the world's number one producer but also the biggest consumer of sugar, and in Russia, analysts said.

India has a deficit of domestic supplies despite prospects of a bumper harvest for the 1997/98 season. For its part, Russia has suffered a poor beet-root harvest because of bad weather.

Nonetheless, India has large stockpiles of sugar, which enable it to time purchases on the open market to obtain favourable prices, GNI trading house said. And the weakness of India's rupee currency and of the Russian ruble could limit New Delhi and Moscow's buying capacity, GNI added, predicting that sugar prices will melt in the next few weeks.

TEA: Strong. The tea market continued to enjoy strong demand, with hot competition between high-grade Assam leaves and East African brews, which are of a similar quality at this time of year.

Teas from Burundi, lighter than other infusions, commanded the best price.

The price of medium-priced leaves stood between 160 and 150 pence per kg, from 145 and 150 pence the previous week.

VEGETABLE OILS: Irregular. Vegetable oil prices moved in

different directions this week.

The Malaysian palm oil market was hit by selling as dealers feared a fall-off in exports to India, after disappointing sales so far this month.

In Kuala Lumpur, the price of palm oil (for delivery in February) was trading at 1,790 ringgits per tonne at the end of the week.

Soya prices on the Chicago Board of Trade (CBOT) rose by 12 cents to 7.21 dollars per bushel (of 27.2 kg -- for delivery in January), partly thanks to rumours that Venezuela, China and Egypt plan to place orders for US soya.

The US soya market also benefited from a psychological lift: This week, soya prices were up ahead of Thanksgiving day on Thursday, for the 19th year out of 23, dealers said.

On the Rotterdam market, palm oil prices rose by 30 dollars to 570 dollars per tonne.

Sunflower oil remained firmly rooted at 585 dollars per tonne, groundnut oil fell 25 dollars to 1,065 dollars per tonne and rapeseed oil prices rose by 0.50 guilder to 132 per 100 kg.

GRAINS: Lift. Wheat prices rebounded modestly, lifted by a batch of export orders for the crop.

On the Chicago Board of Trade (CBOT), wheat prices gained 17 cents to 3.56 dollars per bushel (of 27.2 kg -- for delivery in March).

Pakistan's purchase of 250,000 tonnes of wheat from Australia and 250,000 tonnes from the United States for delivery in December/January gave a boost to market sentiment.

Egypt's announcement that it was seeking to buy 50,000 tonnes of wheat, either from France, Argentina or Australia, as well as rumours that China had imported 100,000 tonnes of US wheat, also offered dealers some cheer.

The International Grains

Council (IGC) raised its forecast for world wheat output in 1997-98 to 599 million tonnes. Consumption across the globe in the same period is expected to reach 593 million tonnes, the IGC also predicted.

Analysts predicted that competition between the United States, Europe, Argentina and Australia on the global wheat export market would intensify in coming weeks.

Maize prices on the CBOT still managed to inch up one cent to 2.72 dollars per bushel (25.4 kg each -- for delivery in December).

COTTON: Shrunk. Fears that economic problems in Southeast Asia will cut imports of US cotton by the region drove prices down.

In addition, delays to harvesting in the vast southern US cotton plantations caused by heavy rainfall now appear to be less extensive than originally feared.

And world cotton production this year is expected to be 19.25 million tonnes above the previous season's crop, because of increased cultivation in Australia, according to data from the international fibre committee.

Prices covered by the cotton outlook index lost 10 cents to 77.10 cents per pound.

WOOL: Warm. The British wool market was stable, amid calm trading.

Prices on the Bradford market were unchanged at 399 pence per kg.

Australian prices covered by the eastern index rose by two cents to 712 Australian cents per kg, on European and Japanese and Chinese buying.

Shipping Intelligence

CHITTAGONG PORT

Berth position and performance of vessels as on 27-11-97

Berth No.	Name of vessels	Cargo	L. port	Local agent	Date of arrival	Date of leaving
J/1	Hill Harmony	C Clink	Dali	USTC	8/1	15/12
J/2	Great Power	C Clink	Mumb	JF	8/11	1/12
J/4	Oiga	Dap(G)	Sing	USTC	12/11	2/12
J/5	Pericles	C Clink	Sing	Prog	7/11	1/12
J/7	Merah Hati	Wheat/GI	S.Lan	Aass	21/11	5/12
J/8	Ocean-148	C Clink	Vize	Cross	26/11	1/12
J/9	Sea Voyager	R Seed	Frans	Aass	7/11	1/12
J/10	Artis Venture(G)	Copra	Sing	Seacom	21/11	2/12
J/11	M Regina	Cont	Sing	PH(BD)	19/11	2/12
J/12	Parakevimy	Wheat(P)	P.Lan	LAMS	8/11	10/12
J/13	Sea Elegance	Urea(Nepal)	transit			
CCT/1	Padma	transit	DammPH(BD)		16/11	10/12
CCT/2	Banglar Mont	Cont	Sing	BSL	13/11	2/12
CCT/3	Ultima	Cont	Mong Baridhi		17/11	30/11
RM/14	Yafeng	Cement	Cont	QCSL	18/11	2/12
OCI	Greatbest-1	Cement	Lans Delmore	R/A	5/12	
TSP	City Wage	R Phos	USTC	R/A	3/12	
DD	Banglar Kakoli	Repair	Para	PSAL	22/12	2/12
DDJ/1	Tanary star	IDLE	Para	PSAL	8/11	10/12
RM/9	Banglar Shourabh	Repair	BSC	R/A	1/12	
KAPCO(U)	Jordan-II	IDLE	Long	RSA	24/10	1/12
Tug	Ocean Echo	P.Mat	Sing	MBL	30/09	

Vessels due at outer anchorage

Name of vessels	Date of arrival	L. port	Local agent	Cargo	Loading port
Brittol-21	30/11	Sing	B.Bay		-
QC Teal (Cont) 19/11	30/11	-	QCSL	Cont	Sing
Yanglin	2/12	Vizak	Prog	GI	
Kekal Satu	3/12	-	Rainbow GI(Wt.Cement)		
Teresa Prestige (48) 23/11	2/12	-	Everett	GI	-
Vasasa (Cont) 23/11	2/12	Col	Baridhi	Cont	Col
Sincere Star	1/12	-	Prog	GI	
Al Swamuz	1/12	-	ASLL	Urea	
Hai Mao	1/12	Mong	MBL		
Kota Berjaya 23/11	2/12	Sing	PH(BD)	Cont	Sing
Lady of Lorn	2/12	-	Ancient	Wheat(G)	
Leona	2/12	Osaka	Prog	GI	
Jaimata	4/12	-	Litmond	C.Clinker	
Banglar Urmi Optima	5/12	Kara	BSC	GI	
(Cont) 25/11	5/12	MGL	Baridhi	Cont	Col
Da Fu (Cont) 26/11	5/12	Sing	APL(B)	Cont	Sing
QC Pintail (Cont) 26/11	7/12	Sing	QCSL	Cont	Sing
Sarah-1	8/12	Mumb	Cross	GI(St.Coil)	
Qcwap-1	8/12	-	AML		Kara