

DHAKA MONDAY, DECEMBER 1, 1997

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

## 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 Masihur 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 Mohakali-1 Bridge, Asharirchar-1 Bridge, Asharirchar-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 'Ubon 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 healthcare 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 Chaudhury, Actuary, Chairman, Impact Foundation Bangladesh on behalf of Impact Foundation Bangladesh and Major (Retd) A Subhan on behalf of Midship Builders.

# Commodity market: Gold falls, tea rises, oil fluctuates

LONDON, Nov 30: Gold price

plunged to a twelve-and-a-half-year low this week, slumping below the psychological 300-dollar mark as technical trades 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.

Potential members of the European single currency 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.

The price of gold on the London bullion market dived 7.50 dollars to 295 dollars per ounce.

The meltdown was sparked off in New York by technical trading by major US investment funds. It then spread

to the rest of the world.

**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.

Three-month lead prices fell by 21 dollars to 557 dollars per tonne.

**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.

**ALUMINUM:** Slip. Aluminum 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.

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

**COCAO:** Weak. Cocoa 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.

**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.

**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.

**VEGETABLE OILS:** Irregular. Vegetable oil-prices moved in

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 a 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 benefited 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.

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.

## 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.

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