

Iraq starts pumping Oil prices fall to 2-year low in London

LONDON, Jan 8: Oil prices in London sank to the lowest point for more than two years yesterday when Iraq began pumping oil for export under an oil-for-food accord with the United Nations, reports AFP.

The benchmark price of North Sea Brent oil fell on the international petroleum exchange by 16 cents to 15.52 dollars a barrel, the lowest price since October 5, 1995.

Iraq, which has been under a UN embargo since its invasion of Kuwait in 1990, is allowed under the oil-for-food accord to export two billion dollars worth every six months.

The deal had been held up in rows between Baghdad and the UN over delays in arrivals of medicine deliveries, but was renewed when the United Nations approved a new Iraqi plan for aid distribution on Tuesday.

Investors in London had been bracing for Iraq to come on stream and the subsequent fall in Brent below the 16 dollars a barrel mark.

The oil market has been sluggish since the Organisation of Petroleum Exporting Countries raised its production quotas by 10 per cent in December.

It is also affected by a drop in demand caused in part by economic turmoil in the Far East.

Filipino stocks plunge to 4-year low

MANILA, Jan 8: Philippine stocks fell to their lowest level in 4 1/2 years Thursday, with investors shrugging off repeated assurances from the government that the country's economic fundamentals remain sound, traders said, reports AP.

"It's a complete breakdown of confidence in the Philippine economy," said Edgar Bancod, senior analyst for Farbas Asia Equity Securities Philippines Inc.

The 30-share Philippine Stock Exchange Index plunged 91.49 points, or 5.2 per cent, to 1,655.85, according to preliminary data. It was the index's lowest level since July 20, 1993.

On Wednesday, it fell 73.26 points, or 4 per cent.

Newspaper reports of possible massive layoffs on the back of the country's economic and financial ills sparked a wave of selling, traders said.

Business and government leaders have warned that manufacturers may have to cut their workforces to cope with the rising cost of capital caused by high interest rates and the depreciation of the peso against the dollar.

Traders said sellers far outnumbered buyers in the market.

"It doesn't look like the market is going to pull down the market due to the thin volume of trades. The attitude now is just get out of the market. There's too much doubt over the country's economic prospects," said an analyst for a foreign brokerage house who spoke on condition of anonymity.

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DSE wants flexible loan rules for stock market

By M Shamsur Rahman

The Dhaka Stock Exchange (DSE) brokers yesterday requested the Bangladesh Bank to raise loan margins against shares, lower the interest rate against shares and inject Tk 200 crore fund through financial institutions and "market makers" to help recovery of the stock market, according to sources.

Currently, the banks are allowing a maximum of 50 per cent loan against shares, the value of which is calculated averaging the scrip's prices in the previous six months, at 16 per cent interest.

The DSE Council yesterday urged the central bank to raise the margin to 70 per cent with a

simple interest rate of 12 per cent. They also asked for the ceiling of loan to be raised to one crore from present Tk 50 lakh.

"The banks can provide the market makers and ICB, BSB, BSR and Shadharan Bima with the money and fix the buying rate for us and direct us to sell shares if prices go up abnormally," said Md Rakibur Rahman, the DSE chairman.

"Prices of most shares have fallen below their fundamental value so the risks of losing money are reduced. We are ready to hold shares for a year if Bangladesh Bank wants us, then tell us to dump shares if

prices go up abnormally to meet demand".

He spoke of another way of meeting liquidity crisis. The central bank governor could ask the nationalised commercial banks to maintain their own portfolios and invest some money in the capital market.

The DSE councillors have met ministers and top government functionaries throughout the week in their effort to salvage the bearish market. As part of their campaign, they met Governor Lutfor Rahman Sarker yesterday.

"The index of the bourse is considered as the barometer of the economy but our index is

not reflecting the current state of the economy," meeting sources quoted the governor as telling the DSE men.

The governor assured the DSE officials of "all-out support within the rules and regulations".

The DSE chairman said he planned to hold meetings with top executives of banking and other financial institutions next week.

Meanwhile, a Council meeting has been convened next Thursday to discuss a report by the task-force on automation, an issue regulators says vital to bringing transparency in the market.

Japan's move to downsize ODA worries recipients

Star Business Report

Japan's decision to downsize official development assistance (ODA) by more than 10 per cent has raised concerns among the recipient countries, which insist the cut will also hurt the economic superpower seeking a greater role in the world order.

Among the countries taking the lead in saying it will affect both is Bangladesh.

Citing financial constraints, Tokyo's economic managers are slashing the ODA cake by 10.9 per cent. Seen and used as a major tool of Japanese diplomacy since the 1970s, ODA is facing what a leading newspaper calls a "critical turning point" after years of increases.

"Until a few years ago, the government had allowed constant increases in the ODA budget, which in the whole was treated as untouchable in the same manner as the defence budget," The Daily Yomiuri said.

The "fierce" reactions from the recipients were highlighted by the newspaper which spoke to three ambassadors from three developing regions, Bangladesh's Rashed Ahmed represented developing Asia, while Edgardo Sevilla Idiaquez of Honduras was chosen from Latin America and Tanzanian Isaya Bakari Chialo from Africa in a dialogue sponsored by Yomiuri late last month when final touches were being given to the budget proposals.

"If there is a cut in ODA, it will hurt the self-help efforts of developing countries, and there will be a shrinking of markets. And perhaps, if this trend continues, the consequences can be quite important, affecting vital Japanese commercial interests," said Bangladesh ambassador Rashed Ahmed.

Ahmed referred to Japan's assistance in improving Bangladesh's infrastructure, a major barrier to attracting foreign investment.

Similar arguments were put forward by the two other envoys speaking against ODA reduction.

In Japan, it has apparently become an issue that is seen affecting the nation's image as well.

For many Japanese, the move is interpreted as one sending a "signal of shifting Japanese priorities". In all international conferences, their leaders have always spoken loudly of the need to increase development assistance.

The country has long benefited "politically" from ODA, which has given Japan much of its "influence" it has in inter-

nationalist says, "Japan's ODA has had no clear doctrine."

"While the purpose remained unclear, Japan unwittingly became the world's largest donor."

In 1978, Japan announced a plan to double development aid for three consecutive years, hitting US\$ 8.9 billion in 1989. While flow from the United States, the other top donor, declined, Japan's spending grew peaking in 1991.

And, helped by a strong yen, the nation held the distinction of being the world's largest provider of economic aid from 1991 to 1996. In 1995, it reached



The Daily Yomiuri brought together three ambassadors from three regions to record recipients' reactions to Japan's ODA cut. — Photo: The Daily Yomiuri

national communities such as the United Nations as well as support among developing nations.

Some analysts, however, fail to find a philosophy behind Tokyo's emphasis on ODA in the 1970s and sudden reduction today.

Since it began, as one jour-

nalist says, "Japan's ODA has had no clear doctrine."

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First private diagnostic lab launched Prosperity seen in poultry

Star Business Report

Quality control, improved management and training facilities are key to boosting the poultry industry in Bangladesh, entrepreneurs and government officials said.

They said poultry, livestock and fisheries sectors had tremendous potentials in generating employment and reducing poverty in the country.

Satish Chandra Roy, the state minister for fisheries and livestock, who also spoke at the launching of the first private sector poultry diagnostic centre in the city, assured of government's "facilitating role". He said the private should however take the lead.

Moshiur Rahman, managing director of Paragon Poultry Diagnostic Centre, Kazi Abdul Fattah, director general of Directorate of Livestock, Ronald P Black, head of International

Fertiliser Development Centre, were also present.

According to Black, the poultry business has grown fast, evident in the last three years. He said the number of parent (chicken) stock increased to 150,000 in 1996-97 from 70,000 in 1993-94.

The number of hatching eggs during this period has tripled, from three million to 10 million approximately. Growth in poultry feed, meat and hatched chicks were also significantly high, Ronald said.

The minister said livestock and fisheries sectors could change the country's socio-economic scenario if the private sector producers could bring in a "revolution".

"The government can't set up poultry farms, but entrepreneurs can," he told the poultry farmers.

Meeting Asian crisis Doubt raised about IMF's ability

WASHINGTON, Jan 8: A weak Indonesian budget and a Thai request for revised terms on a 17.2 billion dollars bailout have raised new doubts about the International Monetary Fund's ability to stop the Asian economic crisis, reports Reuter.

Economists said on Wednesday that Asian governments hit by the turmoil appeared reluctant to follow painful IMF recipes.

At the same time, the IMF was using old rules to play a new games.

International concern about the course of Indonesia's reform programme centres on a weaker-than-expected budget and on sluggish efforts to dismantle a financial structure giving big financial advantages to relatives of President Suharto.



State Minister for Fisheries and Livestock Satish Chandra Roy (2nd-L) inaugurated the Paragon Poultry Diagnostic Centre, the first of its kind in the private sector, at Mahakhali in the city yesterday. Moshiur Rahman (L), Managing Director of the centre, is also seen. — Star photo

Dhaka Int'l Trade Fair begins Feb 22 103 foreign firms to take part

A total of 103 companies from 21 foreign countries will take part in the Dhaka international trade fair-98 (DITF-98), officials of the Export Promotion Bureau (EPB) told BSS here, yesterday.

The month-long trade fair begins at Sher-e-Bangla Nagar here on February 22. "We have received sufficient offers from exporters and manufacturers from home and abroad. But due to space constraint, we could not accommodate all the companies and traders," the EPB officials said.

"We have to express our regret to some companies from Pakistan and India," they added.

The foreign companies have been allotted 78 stalls, 15 mini-pavilions and 10 pavilions.

Out of 78 stalls, the highest 27 stalls have been given to companies from Pakistan, 14 to Indian companies.

According to the EPB officials, the companies and exporters will be from Australia, Bhutan, China, Denmark, Hong Kong, India, Iran, Italy, Japan, South Korea, Malaysia, Pakistan, the Philippines, Saudi Arabia, Spain, Singapore, Taiwan, Thailand, United Arab Emirates, United Kingdom and the United States of America.

The EPB received offers of participation three times more than the provision for the local manufacturers and exporters, the officials said.

The locals have been given 194 stalls, 25 pavilions and 42 mini-pavilions.

The officials said they are receiving offers from different companies from home and abroad even after the deadline-December 15. "But we have no room for them," they said.

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Govt planning to set up 3 more EPZs

The government is planning to establish three more Export Processing Zones (EPZs) in the country in the second phase due to increase of demand from the potential investors Executive Chairman of Bangladesh Export Processing Zone Authority (BEPZA) Moazzem Hossain Khan told BSS yesterday.

He said the new EPZs will be set up in Gazipur, Lalmonirhat and Sirajganj after the completion of development works of the EPZs in Comilla, Ishwardi and Mongla Port and handover the plots to the investors by the end of the current year.

The development work of Gazipur EPZ was scheduled to begin in the first phase. But, the work was delayed due to dispute over land.

Khan said BEPZA had recently held a meeting with the Planning Commission about the Project Concept Papers (PCPs) of the proposed three EPZs to be established in the second phase.

With the approval of the PCPs by the Planning Commission, consultant will be appointed for feasibility study of the EPZs for the year.

According to BEPZA sources, both local and foreign investors are showing keen interest to invest in the EPZs.

At present about 75 per cent of the plots at the existing EPZs have been provided to the for-

ign investors and the rest to the joint venture investors, the sources said.

Meanwhile, 340 industrial plots of Chittagong Export Processing Zone (CEPZ) have already been allotted among the investors out of the 354 ready plots, a total of 76 industrial units at CEPZ and 29 at Dhaka Export Processing Zone (DEPZ) are in operation while 56 industrial units at CEPZ and 43 at DEPZ are under implementation.

The export earnings from the EPZs have been increased due to congenial investment climate.

Total export earnings from DEPZ rose to 1453.10 million US dollars till November 97 compared to 0.16 million US dollars in 1983-84.

Export earnings from the DEPZ increased to 314.27 million US dollars till November last year since its inception in 1993-94 with only 5.24 million US dollars.

The two existing EPZs have so far created employment opportunities for 59,268 Bangladeshi workers of which 41,893 in the CEPZ and 17,375 at the DEPZ.

The BEPZA Chairman said that the EPZs were expected to create employment opportunities for 100,000 workers by the end of this year.

New Chairman of Peoples Insurance

M A Mannan has been elected Chairman of the Board of Directors of Peoples Insurance Company Limited for the year 1998.

The election was held at a meeting of the company on Monday, says a press release. Mannan is a renowned businessman of the country. He is associated with several educational institutes, religious and social organisations.

Discussion on prizebond held Star Business Report

A discussion on how to make the prizebond project more popular and attractive was held at the Bangladesh Bank conference room in the city on Wednesday.

The Governor of Bangladesh Bank, Lutfor Rahman Sarker, presided over the meeting, says a press release.

Speaking on the occasion the Governor sought opinions of all present at the meeting to help make the project more popular.

Deputy Governor Dr. Mohammed Sohrawuddin, Ataul Haq, senior officials of the bank, Managing Directors of commercial banks and officials of National Savings Bureau attended the meeting.

Exchange Rates

Effective on Thursday, January 8
Central Bank USD/BDT Rate: Buying-BDT 45.30/Selling-BDT 45.60

Selling		Buying	
TT/OD	BC	TT Clean	OD Sight DOC
45.6800	45.7000	45.2800	45.0850
74.7454	74.8109	73.1854	72.925
25.1987	25.2208	24.7052	24.6097
0.3499	0.3502	0.3416	0.3403
31.1672	31.1945	30.4781	30.3933
22.3495	22.3991	21.8531	21.7487
26.1362	26.1591	25.4699	25.3714
7.5136	7.5202	7.3991	7.3704
32.1549	32.1831	31.4306	31.3090
5.7275	5.7325	5.6075	5.5798
29.0790	29.1550	28.5138	28.4036
26.4828	26.5500	25.3456	25.2476
5.9036	5.9090	5.8370	5.8144

US Dollar		Liber	
BUYING	SELLING	1 MONTH	3 MONTHS
Cash	45.20	5.6281	5.6941
Notes	45.05	5.6941	5.7195
T.C	45.05	5.6941	5.7391

Exchange Rates of Some Asian Currencies Against US Dollars	
INDIAN RUPEE	PAK RUPEE
39.80/39.80	44.008
THAI BAHT	53.35/53.55
MALAYSIAN RINGGIT	4.76504/4.7680
INDONESIAN RUPAH	10000/11000
PHILIPPINE PESO	44.60/47.00

Market Commentary
In the local foreign exchange market demand for US Dollar was steady with slightly upward pressure due to import payments and forward purchase by the importers. Corporate bodies showed keen interest for hedging their exchange risks, ahead of next Sunday, since experience shows that most of the past downward adjustments of Taka against USD took place on Sundays. In the interbank market USD ranged between BDT45.31 and BDT45.34. The call money market ranged between 6 per cent and 7 per cent.

Exchange Rates

The following are the Sonali Bank's dealing rates (BD Tk for one unit of Foreign Currency) to public as on 8th to 10th Jan '98.

Buying		OD	
Name of Currency	TT Clean	OD Sight	OD Transfer
US Dir	45.2800	45.1100	45.0100
GB Pound	73.2797	73.0046	72.8427
D Mark	24.7052	24.6104	24.5558
F Franc	7.3805	7.3528	7.3365
C.Dlr	31.5060	31.3877	31.3181
S Franc	30.4890	30.3745	30.3072
J Yen	0.3404	0.3392	0.3384

Selling		B.C.	
Name of Currency	T.T & O.D.	B.C.	B.C.
US Dollar	45.6595	45.6990	45.6990
GB Pound	74.9966	74.5611	74.5611
D Mark	25.1743	25.1961	25.1961
F. Franc	7.5209	7.5274	7.5274
C.Dollar	32.1006	32.1284	32.1284
S. Franc	31.0746	31.1014	31.1014
J Yen	0.3505	0.3508	0.3508