

## India, Myanmar sign MOU for agri cooperation

**YANGON, Apr 26:** India and Myanmar have signed a memorandum of understanding (MOU) for cooperation in the agricultural sector in a bid to give a fillip to bilateral economic ties, says PTI.

The MOU was signed by visiting Agriculture Minister Som Pal and his Myanmar counterpart Major-General Nyunt Tin yesterday, Xinhua reported. It envisages cooperation in mechanised farming, maintenance of agricultural statistics, water resource development and development of agricultural joint ventures and agro-based industries.

India had agreed last month to extend a 10 million dollar loan to Myanmar for projects in the railways and industrial sectors.

## ADB allocation for development of 2 pourasavas

**GAZIPUR, Apr 26:** Asian Development Bank (ADB) has allocated Tk 50 crore for the development of Gazipur and Toghri pourasavas, says UNB.

According to the official sources, Tk 30 crore for Gazipur pourasava and Tk 20 crore for Toghri pourasava have been sanctioned as primary allocation under the third Urban Development Project.

The work will begin from next July for the development of drains, roads, slums, water supply, sanitation facilities on priority basis.

The survey work is on for the implementation of the schemes.

## Delhi rules out rupee devaluation

**NEW DELHI, Apr 26:** Indian Commerce Minister Ramakrishna Hegde ruled out devaluation of the rupee as a means of boosting exports, reports AFP.

"We have devalued our currency by 40 per cent over the last six years and if we continue to seek this easy option, once every few years, we will be doing so at the cost of making our currency value-less," Hegde told a business conference here yesterday.

He said devaluation of the currency could "significantly increase India's repayment obligations" to the World Bank and other agencies.

Certain sectors in India's industry have been demanding a currency devaluation amid a drop in export growth.

But Hegde instead told the industry to be more "efficient."

"The benefits of devaluation will not be such that they can compensate for our inefficiency and low productivity."

The Indian rupee had in January fallen to a record low of 40.34 to the dollar from 35.70 in September. It is currently at 39.71 to the greenback.

India is presently in the grip of an economic slowdown.

Finance Minister, Yashwant Sinha, presenting an interim budget, warned last month that India's economic growth during fiscal 1998 would be five per cent, forecast by the previous coalition.

Exports grew by 6.2 per cent year-on-year in the 10 months to January 1998, compared to 13.9 per cent during the same period the previous year, with key areas like gems and jewellery and agriculture suffering badly.

"With nearly a third of our gross domestic product from manufacturing being accounted for by exports, it is imperative that we pay more attention to export promotion."

Hegde said the government favoured an "open-door policy" and added that opposition to opening up the economy "is quite a negative attitude."

## ADB's suggestion

Xinhua says: The Asian Development Bank (ADB) has suggested an early devaluation of the Indian rupee to maintain the country's external competitiveness in the wake of East Asian currencies' massive depreciation, the Hindustan Times said yesterday.

The Indian rupee is now significantly overvalued compared with the depreciated currencies of Indonesia, South Korea, Malaysia, the Philippines and Thailand, the newspaper quoted a recent publication of ADB as saying.

## New adviser of Mercantile Insurance

M M Murshid has joined the Mercantile Insurance Company Limited as adviser, says a press release.

Earlier he was the former managing director of Sadharan Bima Corporation, a career insurance professional and has long 38 years service to his credit.

# ADP cut, rice imports under fire

Star Business Report

A leading researcher yesterday warned that development spending cut this year would have a negative impact on the overall economic growth and said macro-economic stability was fragile.

"Poor implementation performance of ADP may provide some relief to the already strained fund position of the economy. But it is likely to adversely affect the overall growth performance of the economy," Dr Omar Haider Chowdhury told a BIDS pre-budget discussion yesterday.

Two separate papers were presented at the seminar, chaired by Director General Abu-Abdullah.

Dr Chowdhury, a fiscal and monetary policy specialist, presented a paper on "The Budget and the Bangladesh Economy" and Dr Quazi Shahabuddin dealt with "Food Agriculture and the Budget for 1998-99: Some Specific Suggestions".

The recent macro-economic developments clearly exposed

the fragility of macroeconomic stabilisation process in Bangladesh. The government is unable to restrict the increase in recurrent expenditures.

"Unsatisfactory level of revenue collection has forced the government to continue to borrow heavily. Interest payments on domestic debt has been increasing substantially since 1993-94 due to relative high cost of domestic borrowing to finance budget deficits while highly concessional foreign finance has been declining," Chowdhury said in his paper.

He warned against government's floating new savings instruments with high interest rates, which "would further escalate the cost of borrowing".

Chowdhury advised that the government focus all its efforts on improving revenue collection to try to restore macro-economic balance.

He said increased government borrowing was also crowding out private investment. And the private en-

trepreneurs were not getting money from the country's banking system.

Quazi Shahabuddin criticised large scale import of rice until boro harvest.

"A decision on large scale import can be safely delayed for several weeks until the size of the boro crop becomes clear. In this way, the government can avoid accumulating excessively large stocks that would prohibit government's efforts to conduct domestic procurement and support farmer prices during the boro season," Shahabuddin said.

He suggested monitoring of short term prices of rice instead of being over cautious and importing huge rice.

Shahabuddin said the agricultural growth had a declining trend during 1990-91 to 1996-97 period. Until last fiscal, harvest of aman rice had been stagnated at two million tons. He said per capita rice production, in fact, declined from 147 Kg in 1990-91 to 132 Kg in 1995-96.

While the researchers were discussing the macro-economic and agricultural situation in the country, a leading entrepreneur urged them to come up with "concrete suggestions" which would really alleviate poverty and develop rural Bangladesh.

Termining the discussion quite "academic", Amjad Khan Chowdhury, whose businesses range from real estate to food processing, said the researchers should give concrete suggestions instead of making "extremely general" remarks.

"I suggest you to look at national economy from the micro point of view."

He urged them to conduct a separate study on tariff anomalies which had created problems for the food processors. The customs officials were reportedly telling them that the articles which they import for packaging purposes were finished products. "But this is an intermediate product for the processors," Khan said.

## BR Western Zone earns Tk 75 cr in 9 months

From Our Correspondent

**RAJSHAHI, Apr 26:** Bangladesh Railway (BR) Western Zone earned Tk 75.14 crore during the last nine months of the current fiscal year, sources said.

It has a target to earn Tk 126.76 crore this fiscal year. Of the total earnings, Tk 22.6826 crore was earned from carrying of passengers, Tk 3.2928 crore from parcels, Tk 43.9265 crore from goods and Tk 5.2385 crore from other sources.

The zone earned Tk 106.65 crore and Tk 99.1849 crore in 1996-97 and 1995-96 fiscal years respectively.

Railway sources apprehend that the target of earnings for the current fiscal year cannot be achieved.

## Workshop on interbank payment held

Star Business Report

Institutional Banking, correspondent banking arm of Standard Chartered Bank, organised a workshop on 'Interbank Payments under CHIPS System & SCB's Correspondent Banking Services' for the foreign trade officials of AB Bank, BASIC and United Commercial Bank yesterday.

Geoff Williams, chief Executive of SCB for Bangladesh inaugurated the workshop, says a press release.

The workshop was conducted by Kanti Kumar and Towhid Islam.

A total of 17 officials from three banks participated in the workshop.

## India to contest US charges in WTO

NEW DELHI, Apr 26: India's Attorney General Soli J Sorabjee said yesterday that India has decided to contest the United States complaint in the World Trade Organisation (WTO) against curbs on imports, reports Xinhua.

The decision was taken at a two-hour cabinet meeting here. "We have decided to file a reply to the US complaint in the WTO on quantitative restrictions on imports and attend the hearings on May 7," he said.

While India has solved the issues raised by the European Union, Australia, New Zealand and Japan through bilateral negotiations, it has been unable to settle the matter with the US, he said, adding that the government would try to settle the issue bilaterally while arguing its case before the WTO.

India has made commitment to the WTO to ease import curbs on 2,700 items over a six-year period, the US has urged India to ease its import restrictions in one or two years time.

## Asian crisis, Euro will top OECD agenda in Paris

PARIS, Apr 26: The impact of the Asian crisis and the effect of the Euro on the world economy will be high on the agenda when ministers from industrialised nations hold their annual meeting here this week, reports AFP.

The ministers from the 29-member Organisation for Economic Cooperation and Development will also decide whether to continue with efforts to reach an agreement opening up markets for investment.

It is clear that there is no change of a deal being reached by the self-imposed deadline of the ministerial meeting Monday and Tuesday, officials said.

International Monetary Fund Managing Director Michel Camdessus and World Trade Organisation Director General Renato Rugiero will also attend at least part of the two-day meeting. OECD Secretary General Donald Johnston said Tuesday.

Asked if their presence was the result of calls for greater cooperation between multilateral institutions in the wake of the Asian crisis, Johnston said "there is very strong cooperation and there always has been" between the OECD, IMF and WTO.

The OECD meeting will begin Monday by taking stock of the latest developments in the Asian crisis.

During lunch on Monday the ministers will discuss the likely impact of the EU single currency, the Euro, on the global economy after its launch in January next year, Johnston said.

Narrating the package of incentives for foreign direct investment in Bangladesh, he said except four sectors the investors can come up for investing any amount at any sector. A foreign investor can even own 100 per cent of equity without prior approval of the government, he said.

President of AmCham Forrester Cookson urged the government machinery to move quickly in taking decisions on major business and investment issues.

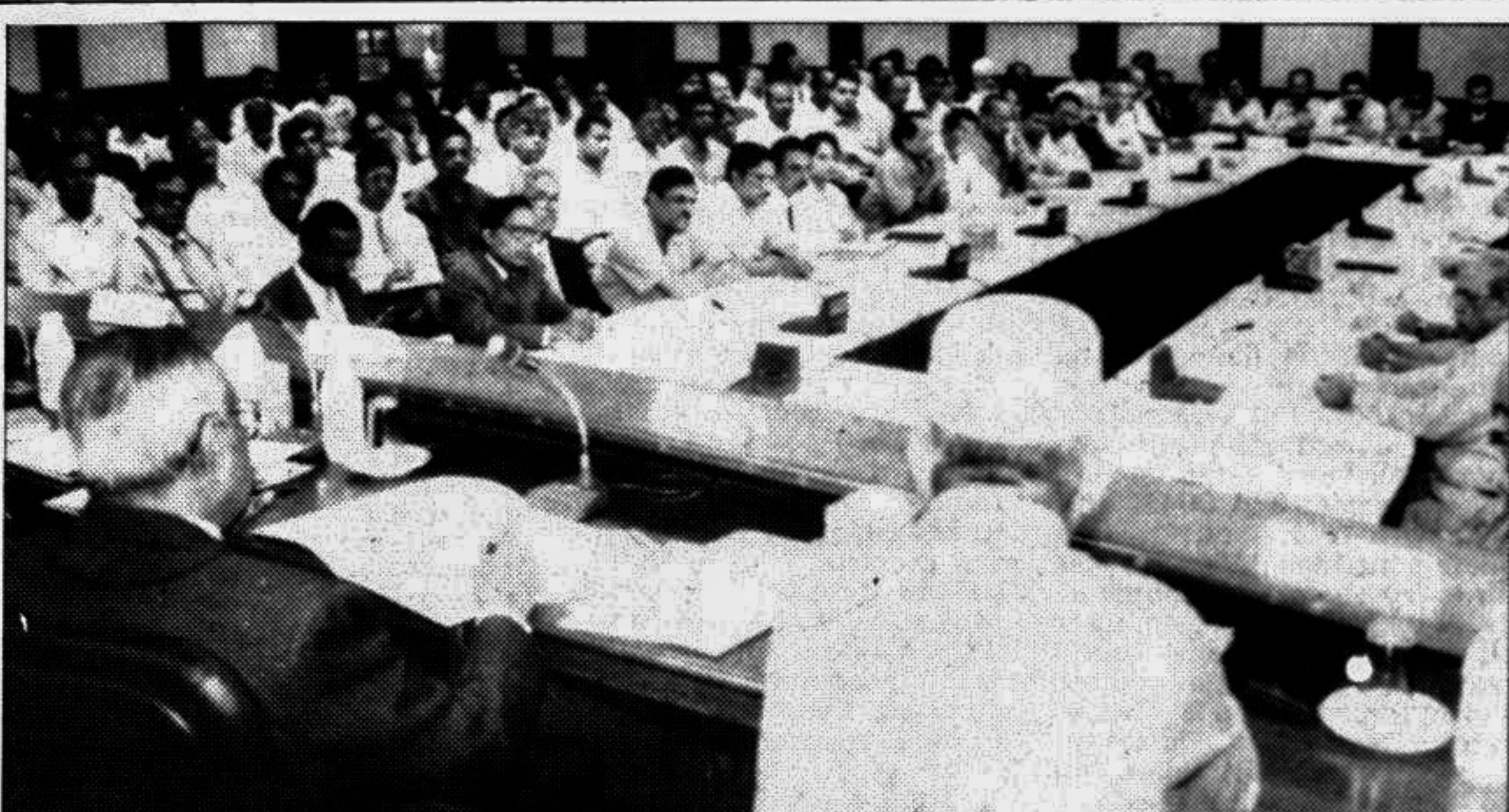
He pleaded for less control of the government and the donors on business and reduction of regulatory functions of the government-owned corporations in oil and gas sector.

Theodore Nist laid emphasis on the spirit of taking the business as the business, improvement of law and order for investment and speedy decision making in case of business deals.

NSU Chairman Abdul Awal said a strong manufacturing sector is needed for rapid industrialisation of the country.

Rob Moul, Director (Asia Pacific) of Johnson Controls Inc., at a city hotel yesterday addressing a press conference on the company's presence in Bangladesh.

— Star photo



Finance Minister Shah A M S Kibria addressing the 19th meeting of the National Board of Revenue's Consultative Committee in the city yesterday. — Star photo

# Far-reaching industrial policy soon, says Tofail

A far-reaching industrial policy matching with private sector led export-oriented growth strategy will be announced soon to cope with the challenges of the new millennium, reports BSS.

Commerce and Industries Minister Tofail Ahmed told this at a seminar here yesterday, adding the policy has accommodated all prime objectives to achieve rapid industrialisation of the country to face the upcoming global realities.

Tofail was addressing the inauguration of a three-day seminar on "Bangladesh into the next millennium" held in Sonargaon Hotel which was jointly organised by the American Chamber in Bangladesh (AmCham) and North-South University (NSU), Dhaka.

The session was also addressed by Prof Hafiz G A, Vice President of NSU, Forrester Cookson, President of AmCham, Theodore A Nist, Deputy Chief of Mission of USA and M A Awal, Chairman of NSU.

Referring to the government steps to turn its machinery to all genuine business initiatives, the minister hoped the potential development partners of Bangladesh like the USA, Germany, UK, France, Japan and Canada would reciprocate to this effect.

About financial and administrative reforms, he said the government in its continuous efforts to this direction are formulating policies to enhance revenue surplus by extending the tax base, tax administration and budgetary discipline.

"The government is trying to shape the bureaucracy as the facilitator and service-oriented replacing its regulatory notion."

He mentioned the setting up of one stop service at the Board of Investment (BOI) and giving of licence to a German company within half an hour by his ministry last week.

Reiterating government's commitment to develop the present infrastructural facilities to attract more local and foreign investment, Tofail said with the utilisation of the huge gas reserve in Bangladesh the power sector will get tremendous boost very soon.

He referred to setting up of the Infrastructure Investment Facilitation Centre and formation of the Infrastructure Development Company to carry forward the measures in the sector.

Referring to the huge foreign investment in oil, gas and power sectors of the country and the billions in the offing, he said the government has for the first time approved a far-sighted five-year export-import policy to facilitate the investors

and businessmen to come for long term business in the country.

The simplified policy will encourage the foreign entrepreneurs to set up manufacturing units and industries for higher value-added products, the minister said.

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# Commodity market: Palladium hits historic highs, tea strong

**LONDON, Apr 26:** Palladium hit historic highs this week, approaching the 400-dollar-an-ounce barrier on the back of political turmoil in Russia, the world's main producer, reports AFP.

Palladium ended the week at about 380 dollars an ounce.

Moscow was on tenterhooks all week amid the possibility that parliament would reject President Boris Yeltsin's candidate for prime minister, Sergei Kiryenko, for a third time, prompting the legislature's dissolution and new elections.

Kiryenko was eventually voted in on Friday, but the uncertainty had given prices a big boost, adding to the effects of extremely tight supply.

"People are taking advantage of the situation and are squeezing the market, increasing the demand side," said Charles Kernot, a precious metals analyst at Paribas Bank.

Exports that were authorised by Moscow last week have yet to be negotiated and there is still poor supply, meaning prices are likely to remain where they are for some time, analysts said.

There is almost no palladium for immediate delivery at present on the market.

Elsewhere on the commodities market, robust coffee prices dropped sharply on investment fund selling and profit taking.

Copper enjoyed strong demand and increased activity in Southeast Asia.

**GOLD:** Polished. Gold prices were buoyant this week on the back of palladium and technical factors, as well as a fall in the dollar against the yen, sparking a transfer of dollar investors to precious metals.

Gold ended the week at about 312.70 dollars an ounce, up from 308.45 dollars.

However fears of reserve selling by central banks threatened to curb price rises.

**SILVER:** Flat. Silver prices rose slightly on the week thanks to the generally upward precious metals market, but trading was hesitant as investors waited for any more signs of US financier Warren Buffett's plans.

Buffett sent silver prices rocketing when he revealed in February that he had bought 129.7 million ounces of silver on the London Bullion Market.

Silver traded at 6.32 dollars an ounce, up from 6.07 dollars.

**COPPER:** Parkling. Copper prices rose sharply this week, briefly breaking the 1,900 dollars a tonne mark thanks to good demand and a big fall in London Metal Exchange stocks.

Three-month copper rose 40.50 dollars to 1,871 dollars an ounce, a four-month high. LME warehouse stocks fell to 277,350 tonnes from 304,975 tonnes.

**LEAD:** Sinking. Three-month lead prices gained ground despite the rise in copper prices, trading at 567 dollars a tonne, down 10.50 dollars.

LME stocks rose slightly to 107,650 tonnes from 107,125 tonnes.

**ALUMINIUM AND PALLADIUM:** Soaring. Both metals sky rocketed this week on political uncertainties in Russia, the biggest producer of palladium and second biggest of platinum.

Platinum traded at 421 dollars an ounce, up from 408 dollars, while palladium traded at 383 dollars an ounce, up from 296.50 dollars.

**ZINC:** Mixed. Three-month zinc fell this week despite a fall in Chinese exports, as end-of-week profit taking set in, putting the price at 1,101 dollars a tonne, down 13.80 dol-

lars.

LME stocks fell to 462,275 tonnes from 466,275 tonnes.

**ALUMINIUM:** Shiny. Three-month aluminium prices rose 5.20 dollars over the week to 1,450.50 dollar a tonne.

Prices were helped by good demand, the fall of the dollar against the yen, reductions in London Metal Exchange reserves and the closing of some sites by Venezuelan producer Venalum due to electricity cuts, bringing annual capacity down 50,000 tonnes to 380,000 tonnes.

LME reserves fell to their lowest level since August 1991, at 517,800 tonnes from 527,625 tonnes.

**NICKEL:** Optimistic. Nickel prices rose on the back of copper in an increasingly optimistic market.

**OIL:** Weaker. Brent Oil The benchmark North Sea Crude, fell slightly in a quiet market, ending at 14.10 dollars a barrel for June delivery, down from 14.67 dollars the previous week.

The market is looking for direction following the recent propping up of prices by production cuts by the Organisation of Petroleum Exporting Countries and other producers.

said the Centre for Global Energy Studies in London.

The production cuts, which included non-OPEC members Norway and China, stemmed the fall in prices, which began last November when OPEC raised its production quotas.

**RUBBER:** Flat. The rubber market was flat this week, with demand highly reduced due to users' substantial existing stocks, an analyst at Lewis and Peat Brokerage said.

Natural rubber, especially latex, is beginning to suffer from climate disruptions in Southeast Asia, especially in Cambodia and Vietnam, he said.

**TIN:** Strong. Three-month tin rose 267.50 dollars to 5,590 dollars a tonne thanks to tightening supply.

Amalgamated Metals Corp announced it was closing its smelter in escoy, Malaysia, and moving all its activities to Thailand, leading to a fall of 9,000 to 10,000 tonnes in annual production.

**COCOA:** Hot. Cocoa prices rose sharply to about 1,689 pounds a tonne (July delivery) from 1,016 pounds.

**COFFEE:** Cold. Robusta coffee for July delivery fell to 1,780

## Exchange Rates

Following is the Sunday's forex trading statement by Standard Chartered Bank, Dhaka. Central Bank USD/BDT Rate: Buying-BDT46.15/Selling-BDT 46.45

Selling		Buying	
TT/OD	BC	Currency	TT Clean
46.5100	46.5500	USD	46.1150
77.9694	78.0364	GBP	76.5232
26.1219	26.1443	DEM	25.5981
0.3573	0.3576	JPY	0.3486
31.4151	31.4421	CHF	30.7126
23.1912	23.2112	NLG	22.7616
29.4274	29.4527	SGD	28.7769
7.7717	7.7784	FRF	7.6508
32.6615	32.6896	CAD	31.9245
6.2631	6.2685	SEK	6.1585
30.7478	30.7742	AUD	29.5413
12.6903	12.7012	MYR	11.9160
6.0093	6.0144	HKD	5.9427
12.4692	12.4799	SAR	12.2289

Usage Export Bills

TT DOC 30 Days 60 Days 90 Days 120 Days 180 Days

46.015 45.731 45.352 44.9162 44.4225 43.3183

Exchange Rates of Some Asian Currencies Against US Dollars

Indian Rupee Pak Rupee Thai Baht Malaysian Ringgit Indonesian Rupiah Korean Won

39.68 44.10/13 38.700/800 3.7650/7700 7850/8050 1382.0/66.0

US Dollar

Cash Notes 46.05 46.6 USD 5.66625 5.6875 5.78125 5.91797

TC 45.9 46.5 GBP 7.44141 7.5 7.49609 7.45313

INDICATIVE FORWARD COVER SELLING RATES AGAINST TAKA

USD/BDT 1 Month 2 Months 3 Months 4 Months 5 Months 6 Months

46.71 46.92 47.13 47.34 47.55 47.76

GBP/BDT 77.96 78.19 78.44 78.69 78.95 79.20

DEM/BDT 26.18 26.34 26.50 26.71 26.83 26.99

CHF/BDT 31.56 31.82 32.07 32.32 32.58 32.83

Market Commentary

The local foreign exchange and money market were moderately active on Sunday although the international markets remained closed on weekend. Demand for the US dollar was also moderately high and ranged between Taka 46.4460 and 46.450 in the interbank market. The call money rate was between 8pc and 8.5pc, which was lower than Thursday's closing of 10 pc and 13 pc.

The international markets remain closed on weekend. But on Friday last the market closed with US dollar gaining heavily against the yen and New York dollar closed at 1.7901/11 DEM, 131.08/14 yen and GBP at 1.6674/84 against USD.

## Shipping Intelligence

Chittagong Port

Berth Position and Performance of Vessels as on 26.4.98