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DHAKA FRIDAY, JULY 3, 1998

Export of perishable goods suffers due to govt negligence Importers keep paying the price

By Govinda Shil

Importers are paying for negligence of Bangladesh authorities as the United States Food and Drug Administration (USFDA) is taking advantage of it by stopping frozen food consignments, importers said.

Some 10 consignments were resisted by the FDA in the last one year on the ground that "fishes were rotten" and that those were not suitable for human consumption, the importers said.

The problem lies with absence of a rule on using temperature recorders when perishable goods are shipped to importing countries from Bangladesh.

Use of a temperature recorder inside a container is not mandatory for a shipper or an exporter, government officials also admit that.

"In last one year, there were at least 10 cases when the FDA did not allow me to take delivery of frozen fish consignments

because FDA officials said those were decomposed," said Yakub Sheikh, a Toronto-based fish importer.

"I have struggled to make them understand that fishes are kept at a standard temperature when products are loaded and that this is a necessary condition set by the importers," Sheikh said.

But he thinks something may have been going wrong inside the ships during the voyage. "I have reasons to believe that sometimes container temperature might fluctuate due to negligence or a mechanical fault," he said.

Due to fluctuation of temperature, quality of frozen foods sometimes deteriorates or they decompose upon arrival of the consignment at a US (or Canadian) port.

A temperature recording machine called *rayn* is a sensitive device and is designed to de-

tect any changes in temperature from the starting point to the final destination.

These recorders monitor temperature fluctuations and give a complete history of each shipment.

Such perishable items are supposed to be carried at between minus 22 and 0 degrees Celsius. But in the absence of the recorder, an importer does not know who was (were) responsible for not maintaining the standard temperature.

When products are damaged, one can easily find out exactly how they became decomposed, whether it was due to negligence on part of the packer or of the shipping company.

Sheikh said shippers sometimes do not wash the containers after use thoroughly with hot water, a normal practice in maritime shipping. "Sometimes this causes contamination or toxification of

frozen foods," he said.

Commerce Secretary Syed Alamgir Farouk Chowdhury said he was aware of the situation but would have to find out who should take the lead in supervising the entire export process.

"It is not possible for any government agency to check each and every consignment," he said adding his ministry would examine whether there was any serious loopholes in the existing system.

Two and half years ago, the Bangladesh mission in Canada wrote to the ministry of commerce saying that it had been receiving repeated complaints from the Canadian importers about ensuring required temperature in containers while importing perishable goods, particularly frozen foods from Bangladesh.

The mission said temperature inside containers fluctu-

ated resulting in decomposition of fish. "When the products are decomposed, the Health Department (of Canada) denies entry. As a result, the importers lose money and need to spend thousands to get the data recorders from the shipping loss to establish claim for the loss," the letter said.

It is learnt that the department of fisheries, the ministry of commerce and the EPB have written many letters to one another to take necessary action. But nothing happened so far.

"It is unfortunate that we could not solve the problem which should have been taken care of much before," said EPB vice chairman Faisal Ahmed Chowdhury.

He said the government should determine who would formulate a law making mandatory use of such temperature recorders by the exporters or the shippers.

Ship-breaking industry opens up potential economic front

From Nurul Alam

CHITTAGONG, July 2: The ship-breaking industry developed at Sitakundu coastal belt has opened up potential economic front for Bangladesh.

"Everything of a scrapped ship is utilised and nothing left unused" said a source in Ship-breakers Association, adding "demand for goods of scrappings is increasing."

Re-rolling mills in the country get the supply of 90 per cent raw materials from ship-scrap, reducing the dependence on import of billets from abroad while furniture, sanitary, electrical goods, fuels, engines, generators, motors and cables from broken ships are reused, the association sources said.

The annual ship-breaking on average recorded over one million metric tons, association sources informed.

Costs of the ships imported from abroad for scrapping ranges from Taka ten crore to Taka seventy crore, the sources said.

About one million people

including three hundred thousand labourers are involved both directly and indirectly with ship-breaking business thriving over 20-km coastal area humming with over 300 ship-breaking yards, association sources also informed.

Hundreds of shops sprung up on both the sides of Chittagong-Dhaka highway near Sitakundu ship-breaking yards, are selling goods from scrapped ships.

The government earns revenues around Taka three hundred crore annually from ship-breaking sector, concerned sources said.

The government brought the sector within its tax net not only five years ago although the business started in 1960 when a foreign ship ran aground in a cyclone and the crew put it up for auction after falling to re-float.

However, ship-breaking business took a shape early 1980, the sources said.

The price of scrapped ships

has dropped in the international market below 175 US dollars per ton as against between 190 and 261 dollars per ton earlier.

"But we can not avail the benefit of price-fall due to devaluation of Bangladesh currency" said a ship breaking businessman Kamal Uddin.

The ship-breaking is a labour-intensive industry as everything is done manually.

Modern technology to break the ships, equipping the yards with floating cranes, barges and dockyard, is yet to be introduced. Even the government has not yet come forward to develop the ship-breaking belt that lacks even a fire station, said association sources.

Some labourers died and many others injured in accidents on many occasions at the time of scrapping ships, police said.

Ship-breakers feel that it will involve tremendous cost to introduce modern technology.

China cuts interest rates

BEIJING, July 2: China's central bank said it will cut interest rates on July 1, state television announced, reports AFP.

The People's Bank of China said it will reduce rates by 0.49 percentage points for long-term savings deposits and 1.12 percentage points for loans.

"Consumer prices dropped continuously this year, so the real interest rate has been going up," television said, citing a central bank statement.

The purpose of the cut is to effectively expand domestic demand and support the national economy's development," the report said, adding that it "will also spur development of the residential housing market."

A rate cut has been expected for some time amid a slow down in economic growth.

China's Minister of State Development and Planning Commission Zeng Peiyuan announced on Monday that economic growth for the first half of the year would amount to only seven per cent, well below the government's official full-year target of eight per cent.

Growth has slowed due to the effects of the Asian financial crisis, which has hurt China's exports and foreign investment.

The head of the central People's Bank of China, Dai Xianglong, has said the government plans to use monetary policy to spur the economy.

The government is also trying to encourage the development of the private housing market to stimulate economic growth.

China last cut rates on March 25, when the People's Bank of China reduced its main lending rate by 0.6 of a percentage point to 7.02 per cent.

Private domestic airlines going through a bad time

Private domestic airlines of the country are going through a bad time as two of the three airlines have kept their operation suspended for various reasons, reports UNB.

Aero Bengal, the oldest private airline, remained out of operation for about six weeks while the second one, Air Parabat, suspended its operation this week leaving the GMG Airline alone to continue its operation.

Sources at the Aero Bengal said they had been operating their aircraft only on Dhaka-Barisal route before the shutdown on May 21 this year.

But they had to close down their service when their only operating 48-seater aircraft AN-24 was brought back to Kazakhstan after the expiry of the contract.

"In fact, we were not interested to keep the Kazakh 48-seater with us as it caused a huge loss due to non-availability of passengers... its seat number is larger than that of our passengers," said a senior Aero Bengal official.

Earlier, two 17-seater short take off and landing (STOL) aircraft (Y-12) of the Aero Bengal went out of order due to technical faults.

Sources said the first private sector airline in the country also incurred loss since it went into operation in July 17, 1995. Its routes were Dhaka to Barisal, Chittagong, Cox's Bazar, Jessore and Sylhet.

Air Parabat started its journey with two Czech-made 19-seater LET-410 STOL aircraft on January 11 this year.

But the airline suspended its operation as one of its aircraft remained inoperative because of technical fault in Cox's Bazar for about two weeks while another one had to make a crash-landing in Savar on June 28 causing serious damage to it.

As the two airlines suspended their services due to the compelling reasons, the GMG Airline is now the only private domestic service operating on various routes. It started opera-



Biman's Managing Director Air Commodore M Rafiqul Islam and Managing Director of Druk Air, Sonam Tshering, seen signing the code-sharing agreement between the two airlines in the city yesterday.

Survey says Hong Kong most expensive city in the world

GENEVA, July 2: Hong Kong is the most expensive city in the world, having overtaken Tokyo because of the declining value of the yen, a global cost of living survey said on Monday, reports Reuters.

Five other Chinese cities — Beijing, Shanghai, Guangzhou, Dalian and Shenzhen — are among the 11 most costly cities.

According to the latest report by the Corporate Resources Group.

But the financial crisis in South East Asia has knocked major urban centres of the top end of the table, with only Singapore (13th) remaining more expensive for expatriates than New York city.

The Geneva-based group used New York city as the base of 100 index points in its 150-city survey, the big apple ranked 21st, jumping 10 places from a year ago when Tokyo topped the list.

The major factor impacting (on) the latest rankings has been the important currency changes that have taken place during the past 12 months, particularly in South East Asia," it said.

Biman, Druk Air sign code-sharing agreement

Star Business Report

Biman Bangladesh Airlines and Royal Bhutanese Airlines Druk Air have signed an agreed minutes on code-sharing.

Biman's Managing Director, Air Commodore M Rafiqul Islam, and the visiting Druk Air Managing Director, Sonam Tshering, initialled the minutes on behalf of their respective sides in the city yesterday, says a press release.

Under this agreement, Druk Air will resume its Paro-Dhaka-Paro flight sharing the code with Biman from October '98.

WASHINGTON, July 2: The United States already the world's largest debtor country, saw its debt hit one trillion dollars for the first time last year as foreigners continued to pour investment money into the high-flying US economy, reports AP.

In its annual look at America's international balance sheet, the Commerce Department said Tuesday that the US net debtor position jumped 60 per cent last year to 1.22 trillion dollars.

SB to give loan for large-scale fish farming in coastal areas

Sonali Bank has decided to sanction loan for large-scale fish farming in coastal and low-lying areas of Khulna division, including Fakirhat and Mollarhat of Bagerhat district, reports UNB.

The Board Directors of the bank yesterday disclosed it at a zonal manager's conference.

The authorities have taken the decision after an on-the-spot inspection.

Held at the rest house of Khulna Newsprint Mill, the conference was chaired by Managing Director of the Bank Mahabur Rahman Khan.

Chairman of the Board of Directors Mohammad Asafuddin was present at the conference as chief guest while Director M Mohsin and Dr Ataur Rahman attended it as special guests.

Speaking on the occasion, Asafuddin said investment would be made by considering different aspects of local resources alongside the conventional investment.

Emphasising the need for recovering default loan, he asked the bank staff to improve their skill and thus ensure a modern-day service to the people.

EC recommends vigilance over PVC toys

BRUSSELS, July 2: The European Commission yesterday recommended vigilance over PVC toys containing chemical products dangerous to children, but decided against imposing an EU wide ban, reports AFP.

"The commission considers that the lack of a standard method for measuring risk means there is no 'judicial basis' for the immediate banning of all PVC (polyvinyl chloride) toys throughout the European Union, said an EC spokesman.

The recommendation adopted by the Commission nevertheless confirms "the existence of risk" and urges its 15-member states to take appropriate measures to protect children's health on a national level, he added.



Dr Raffaele Miniero, Ambassador of Italy in Bangladesh, called on Yussuf Abdullah Harun, President of the Federation of Bangladesh Chambers of Commerce and Industry at the Federation yesterday. They reviewed the existing cooperation between the two countries relating to trade and investment. The topic of establishment of a Fashion Show Institute in Bangladesh by the Italian side figured prominently in the discussion.

Most Asian markets surge

HONG KONG, July 2: Most Asian stock markets surged Wednesday on optimism that a plan to clean up Japan's troubled financial sector will also revive regional economies, reports AFP.

In Tokyo, the 225-issue Nikkei Stock Average gained 108.69 points, or 0.66 per cent, closing at 16,471.58. The market's main barometer now has climbed a total of 1,516.98 points in seven trading days, including Wednesday's 532.62-point gain, or 3.36 per cent.

Meanwhile, the US dollar was quoted at 139.18 yen, up 0.94 yen from late Wednesday in Tokyo and also above its late New York rate of 138.07 yen overnight.

After the market closed, the Japanese government approved an ambitious plan to assume control over failed banks and gradually shut them down, a key component in initiatives to pull Japan out of its worst recession since World War II.

The so-called "bridge bank" scheme, patterned after the US bailout of failed savings and loan institutions in the 1980s, is designed to prevent bank failures from cutting off credit to healthy borrowers and driving Japan deeper into economic stagnation.

Anticipation of the plan had encouraged buying during market hours.

Philippine shares also soared, buoyed by Wall Street's strong performance overnight and upbeat regional stock markets. The Philippine Stock Exchange Index of 30 selected issues rose 74.23 points, or 4.2 per cent, to 1,856.15.

That stock prices closed sharply higher in line with regional gains on the relative strength of the yen.

The Stock Exchange of Thailand index gained 10.65 points, or 4.0 per cent, closing at 277.98.

In Hong Kong, the Hang Seng Index rose 323.06 points, or 3.8 per cent, to 8,666.16.

Brokers said China's decision to cut interest rates on Tuesday boosted the Hong Kong market, where many Beijing-backed Hong Kong companies are listed.

Elsewhere:

WELLINGTON: New Zealand share prices closed sharply higher for a second straight day on the back of lower interest rates. The NZSE-40 Capital Index rose 45.62 points, or 2.3 per cent, to 2,054.20.

JAKARTA: Share prices closed higher in relatively heavy trading. The composite Index rose 9.832 points, or 2.2 per cent, to 466.373.

SYDNEY: Australian share prices closed higher across the board. The All Ordinaries Index rose 43.3 points, or 1.6 per cent, to 2,742.7.

SEOUL: Share prices closed lower on renewed worries that more banks could collapse because of a restructuring of South Korea's financial sector. The key Korea Composite Stock Price Index fell 3.79 points, or 1.2 per cent, to 311.77.

KUALA LUMPUR: Malaysian shares prices closed higher. The key Composite Index rose 6.97 points, or 1.4 per cent, to 498.20.

Tea price falls sharply at auction but still high in retail cost

CHITTAGONG, July 2: The retail cost of tea across the country remains high despite heavy fall in prices at the auction market here since the beginning of the current season, reports UNB.

Prices of different grades of tea averaged between Tk 64 and Tk 67 per kg at the international auction market here on Tuesday.

Although retail price of tea has shown slightly downward trend in Chittagong and Dhaka, but it is being sold at Tk 140 to Tk 150 per kg in most towns and rural markets of the country.

Sources said tea production this year in Bangladesh as well as in other producing countries like Kenya is fairly good. This contributed to the lowering of

prices in the international market.

Tea production was hampered badly last year because of natural calamities like drought, and the prices had jumped to between Tk 140 and Tk 150 per kg on an average.

But a good production this year brought the prices down in the auction sales. So far, eight such sales were held, the sources said.

They said sales this year also increased in the international auction market here.

At the end of the seventh auction of the season, which began in May, tea sales totalled 70.93 lakh kg. This is nearly 1.89 lakh kg higher than the same period last year.

However, Pakistan, one of the major buyers of Bangladesh

tea, is not much active in the market this season. Representatives of that country were present in only two auctions and bought a very small quantity of tea, the sources said.

Threat of international economic blockade against Pakistan following the last month's nuclear tests may have made the banks there hesitant to take any responsibility of overseas trading through Letters of Credit and other processes.

And that is the reason behind the absence of buyers from Pakistan in the tea auction here, the sources said.

Most of the countries except Russia and Poland were absent in the eighth auction on Tuesday. Another buyer, Jordan, did not take part in any of the auctions this season.

Nepal will remain committed to regional cooperation: King

KATHMANDU, July 2: King Birendra said yesterday that the Nepal government will remain committed to both regional and sub-regional cooperation within the framework of the South Asian Association for Regional Cooperation (SAARC), reports Xinhua.

Presenting the annual policies and programmes of the government at the joint session of the bicameral parliament, Birendra said Nepal will remain committed to the SAARC as a viable instrument for promoting economic, technical, commercial and investment cooperation in the region.

"Nepal will also remain committed to promote, within the SAARC framework, the concept of sub-regional cooperation with a view to achieving the common objective of rapid economic development in the region," he added.

SAARC was formed in December 1985 to promote economic and trade cooperation

among its seven-member countries — Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka.

In December 1996, Nepal initiated the concept of growth quadrangle comprising Bangladesh, Bhutan, India and Nepal with a view to jointly developing the eastern Himalayan rivers for rapid economic development.

At their ninth summit held in May 1997 in the Maldives, the SAARC leaders encouraged the development of specific projects relevant to the special industrial needs of three or more member countries.

King Birendra also told the joint session of parliament that the government will continue to follow the fundamental objective of its foreign policy of establishing and consolidating friendly relations with all countries on the foundation of the United Nations Charter.

He said the concept of economic diplomacy, formally

launched in June 1996, will be given a concrete shape to promote the economic interest of the country through investment and tourism promotion by making the Nepalese embassies and missions abroad more effective.

On the refugee issue, the King said that taking into account the economic, social and environmental problems his country is faced with due to the influx of a large number of Bhutanese refugees and the humanitarian problem facing them, the Nepali government will continue to seek all possible efforts to solve the problem.

About 100,000 Bhutanese refugees are staying in eastern Nepal in eight UN-run camps after they were forced to flee Bhutan in 1989 and the early 1990s.

Seven rounds of ministerial talks and low-level contacts between the two Himalayan kingdoms had failed to produce any result on this issue.

Exchange Rates

American Express Bank Ltd (foreign exchange rates indicative) against the Taka to clients.

Currency	Selling TT & O/D	Buying TT & O/D	Selling TT	Buying TT	Buying O/D Sight	TT & O/D
USD	46.5050	46.1100	46.5450	45.9570	45.8850	
GBP	77.3843	76.2198	77.4509	75.9639	75.8479	
DEM	25.6057	25.2353	25.6277	25.1516	25.1122	
JPY	0.3377	0.3322	0.3380	0.3311	0.3305	
FRF	7.6270	7.4805	7.7036	7.4557	7.4440	
SAR	12.4322	12.2600	12.4429	12.2194	12.2002	
MYR	11.2330	11.0841	11.2427	11.0473	11.0300	
AED	12.6866	12.5190	12.7075	12.4775	12.4579	
KWD	158.5578	146.9407	158.6942	146.4532	146.2237	
QAR	12.8120	12.6301	12.8230	12.5882	12.5685	

Bill buying rates:

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
46.0112	45.7258	45.7258	45.3415	44.9573	43.8845

US dollar London Interbank Offered Rate (LIBOR) as of July 2, 1998

Buying	Selling	Currency	Month	3 Months	6 Months	9 Months	12 Months
Cash	45.8850	USD	5.6525	5.71875	5.78125	5.8125	5.84375
TC	45.8850	GBP	7.625	7.875	7.9375	7.9375	8.0

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korea Won
42.150/42.4	46.22/46.27	41.960/4.1	4.14/4.16	14200/14600	1386/480

Amex notes on Thursday's market

The local interbank foreign exchange market was dull on Thursday. Demand for USD has fallen considerably, and despite a sharp rise in forward sales, the rate continues to hover in the 46.4200-46.4300 level. This situation is unlikely to change.

The call money market was moderately active and call rates stayed in the 6% - 7% level. There was a maturity of Taka 242 crore, which supplied enough liquidity to keep the call rates around 6.5%.

In the international market, US dollar was climbing in Europe above 139 yen.

Japanese Finance Minister Matsunaga said that he wanted 13 trillion yen in public money to be maximum for bridge banks. Japanese government officials said that they had approved draft bridge plan keeping it unchanged which was close to their expectation. Dollar/Mark was firm around 1.82 level.

At 1800 local time in the international market, USD traded at 1.8218/23 DEM, 140.52/62 JPY, 6.1039/11.14 FRF, 1.5313/23 CHF, and GBP at 1.6553/63 USD.

DISTRIBUTION OF DIVIDEND

Our valued shareholders are requested to collect their 1997 dividend warrant from Share Dept., Head Office of the Company. Warrants not collected by 20.07.98 will be dispatched by post / courier at the risk of the recipient.

Green Delta Insurance Company Ltd.
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S Africa's economic policy won't be changed: Mandela

JOHANNESBURG, July 2: President Nelson Mandela warned the labour and communist allies of his African National Congress Wednesday that he would not accede to their mounting pressure to change the government's economic policy, reports AFP.