The Daily Star BUSINESS

DHAKA, SUNDAY, NOVEMBER 7, 1999

Prime Bank's operating profit up by 76 pc

Prime Bank's operating profit increased by 76 per cent to Tk 232.40 million during the first nine months of 1999 over the same period last year, says a press release.

The bank also made its mark in managing its loan portfolio by keeping the classified loans and advances at 1.94 per cent.

The bank has marked down the value of its investments in shares and securities to market prices as on 31-12-1998 and complied with the international accounting standard (IAS-30) for protecting the interest of the investors as well as the depositors.

Earning per share came down to Tk 58.10 from tk 116.20 due to the fact that the size of share capital increased in September by 100 per cent from Tk 200 million to Tk 400 million through public offering of shares worth Tk 200 million.

The bank issued ordinary shares worth Tk 200.00 million to the general public to raise its paid-up capital to Tk 400.00 million. With the increase of paid-up capital, its capital fund stood at Tk 575.90 million with the capital adequacy ratio of 17.16 per cent well above the stipulated 8 per cent.

Return of Assets was 4.75 per cent as on September 30 this year against 3.89 per cent as of September last year.

BSC plans to buy new ships

State Minister for Shipping Mofazzal Hossain Chowdhury Maya told the Parliament yesterday that as most of the vessels were outdated, Bangladesh Shipping Corporation (BSC) has taken up a plan to buy new ones, reports UNB.

Most of the ships have crossed expiry dates, and repairing and maintenance of those have become very costly, he said replying to a supplementary from Farooq Khan (AL-Gopalganj) during the question hour.

"To cope with the situation, the BSC has taken steps to buy necessary number of ships immediately," the minister added.

He informed the House that the BSC fleet now stood at only 13 vessels. "There were 14 ships in 1975 and the number went up to 34 later on. But now the number came down to 13 as the previous government's had sold some of them."

Replying to Haji Mohammad Selim (AL-Dhaka), Maya said the government has decided to sell more shares of the state-owned BSC to raise its paid-up capital.

He said the BSC was a profitable concern till 1975. But later it became a loss-making organisation.

"We have taken a number of steps to make the organisation profitable and competitive," the minister said replying to Meher Afroz Chumki.

IMF wants France to cut spending

WASHINGTON, Nov 6: The International Monetary Fund praised France's remarkable economic performance but many of its directors called for tax and spending cuts and said targets for the economy were "unambitious," reports Reuters.

A statement summarizing the IMF's annual review of the French economy said many members of the fund's executive board felt the French government should balance the budget and cut taxes substantially by 2003.

A new 35-hour work week, a key element in government efforts to reduce joblessness, could be costly to implement and might not help much in bringing unemployment down, the board members added, urging the government to introduce the work week in a flexible way without too many curbs on overtime.

But the statement, peppered with phrases like "some directors said," made clear that the IMF's board was far from united about policy prescriptions for France, one of the fastest growing founders of Europe's single currency zone.

French Finance Minister Dominique Strauss-Kahn rejected the plea for spending cuts in a statement from Paris.

Strauss-Kahn said France's representative to the IMF board had conveyed Paris's "disagreement with some of the reform suggestions of a liberalist inspired report" and that the board had given a more positive appraisal than IMF staff.

Otherwise the report was broadly positive in acknowledging that France's policy of promoting consumer demand had helped spur growth and reduce unemployment, even if it questioned how far the shift to a shorter 35-hour week could help cut dole queues, the French minister added.

The IMF, in a moderate upward revision from projections released last month, said it expected the French economy to grow 3.0 per cent next year, up from 2.5 per cent in 1999 below 1998's 3.4 per cent. Last month's forecasts were for growth of 2.9 per cent next year, up from 2.2 per cent in 1999.

Bid to slap curbs on smuggling into India

Tax on computers may be reimposed: Tofail

Commerce and Industries Minister Tofail Ahmed yesterday said tax on computers may be re-imposed to put a curb on its smuggling into a neighbouring country, reports BSS.

Computers and accessories are being smuggled into India taking benefit of duty-free import in Bangladesh, the minister said, while inaugurating an outlet of NIIT Computer Education Centre at Shantinager.

The minister said the government withdrew all import duties and VAT on computers, hardware, accessories and software to help flourish information technology. But unscrupulous quarters are reaping benefit of the government incentives, he added.

He explained the intention of the computer training centre-owners and the government incentives to add zest to the computer sector.

"We don't want smart computer typists to replace orthodox typists. We need computer programmers, software developers, hardware engineers to flourish the IT sector and earn billions of dollars through exporting software and services," he added.

The minister said the youth of the country have great potential of becoming good computer experts if the government incentives can well be applied.

Computer training centres should provide courses for the poor youths at minimum costs, he remarked.

The government withdrew duty on computers with the hope that the youth would get self-employment opportunities and contribute to the national economy by exporting computer software and services, he said.

The minister said the third millennium would be the millennium for intellectual industry when national development would be based on the improvement of IT sector.

At the same time, most of the global business and trade would be done through Internet in near future.

Quoting a study, the minister said that annual Internet business-to-business sales, which was US $43 billion last year, would touch a trillion dollars by 2003. In the same period, electronic business or E-commerce will grow to US$110 billion from US $7.8 billion.

The inaugural function, held at Dhaka Club, was also addressed by NIIT Vice President Dr Smarajit Dey, NIIT Zonal Manager Tapash Roy and Chairman of Unicell Systems Ltd Mahbub Hossain.

NIIT was founded in 1981 with headquarters in New Delhi to start an institution to bring people and computers together.

Today, NIIT is an organisation with over 300 employees of 26 nationalities in 20 countries.

BGMEA calls for hartal withdrawal

Star Business Report

The Bangladesh Garments Manufacturers and Exporters Association (BGMEA) yesterday urged the opposition political parties to withdraw the hartals beginning today since it will badly hit readymade garment export.

The association, in an emergency meeting yesterday, requested the opposition to withdraw at least Monday's hartal, if Sunday's scheduled programme cannot be avoided.

It renewed the appeal to both the government and the opposition parties to iron out differences and shun hartals once for all in the greater interest of the country.

"From the economic point of view, hartal is not desirable either by the people or businessmen," observed the meeting chaired by its Vice-President Annisul Huq.

BGMEA apprehended that garments buyers might shift to other markets if hartals are frequently enforced, a press statement issued by BGMEA following the meeting said.

Meanwhile, another BGMEA press statement said its stance on rescheduling loans of factories having stocklots is transparent.

It said it has urged the banks to reshedule loans of those factories which have stocklots or have sold their stocks with permissions from the banks concerned as per the Bangladesh Bank circular.

BGMEA did not make any recommendation for those factories which do not have stocklots, it said.

AEG Engineering director due on Tuesday

D. Lockl, Director of AEG Engineering Ltd. arrives in the city on Tuesday from Germany on a five-day visit to Bangladesh, says a press release.

During his visit, D Lockl will attend the Company's Annual General Meeting and exchange views with the employees. He will also observe the activities of the Company and review the prevailing socioeconomic and business situation.

He will leave Dhaka on November 13.

Bumpy ride ahead for tea industry?
Tea garden workers are seen plucking leaves in one of the gardens in Sylhet. The industry is smarting from falling prices in the international market and thin presence of foreign buyers -- factors which are well capable to weigh heavily on the country's export earnings from this sector. — Star photo by AKM Mohsin

Good harvests in Kenya, Lanka, India prove a bane

Int'l price fall, buyer dearth may hit tea export earnings

By Monjur Mahmud

A falling trend in prices in the international market and thin foreign buyers are gnawing at the country's tea industry which may affect earnings from its export this year.

"Tea prices have declined sharply in the auction market this season and the number of foreign buyers is not satisfactory," said an official of the Bangladeshiya Cha Sangsad (BCS).

Tea prices at the country's auction market in April this year ranged between Tk 70 and Tk 74 per kg, which declined by Tk five in September. Prices then dipped to as low as Tk 55 a kg in October, a fall which tea planters consider as 'drastic'.

Good harvests in some major tea producing countries like Kenya, Sri Lanka and India this year mostly contributed to the price crash, officials say.

Bangladesh witnessed a boom in tea business during the last two years as the other producer countries saw harvest failures due to droughts.

According to the Export Promotion Bureau (EPB), tea exports from Bangladesh nosedived during the July-September period, falling short of the US$10 million target by 62.10 per cent. Only 2.28 million kg tea worth US$ 3.79 million was exported during the period.

At the same time, volume-wise tea export during the period also dipped by 71.99 per cent while its unit price underwent a fall of 10.75 per cent from last fiscal year.

"It has now become an impossible task to meet the export target as prices in the auction have declined significantly in the current season," said an EPB official.

Some 8.14 million kg of tea worth US$15.11 million was exported during the July-September period of last fiscal. Total export earnings from the sector was US$38.5 million during the year.

"Besides, because of this year's drought tea output in the country would face a shortfall of around 20 per cent," said another BCS official.

Bangladesh produces about 55 million kg of tea per year. After meeting the domestic demand, 23 million kgs are usually available for export.

"We need to develop our gardens to increase yields and renovate the factories to improve the quality to become more competitive in the international markets," he observed.

BCS has recently urged the government to create a Tk 200 crore soft-loan fund for developing the country's tea sector.

There are scopes for increasing the land area under tea production. The country's average tea yield is 1,216 kg per hectare against 1,600 kg in neighbouring India. The average yield of some major tea-producing countries is even as high as 2,500 kg per hectare.

"Domestic tea demand is increasing at the rate of three per cent, while production is growing by only one per cent. This has led to an ever-yawning gap between demand and supply," said the BCS official.

If the situation continues and steps are not taken to boost tea production, the export volume will ultimately dwindle because of the increasing domestic consumption, he pointed out.

US House approves revised foreign aid bill

WASHINGTON, Nov 6: The US House of Representative yesterday approved a revised foreign aid bill after agreeing with the White House to raise spending on a range of overseas economic and diplomatic programmes, says Reuters.

The House passed the bill by a vote of 316-100, clearing a big hurdle in the ongoing budget negotiations between the Republican-led Congress and the Democratic White House.

"This was a major obstacle and all of the participants have done a great job in getting us to where we are," said Florida Republican Bill Young, the chairman of the House Appropriations Committee.

The Senate is set to vote on the measure early next week.

Passage of the bill in the House was assured after congressional negotiators agreed with the White House on Thursday night to add nearly $800 million, raising the overall foreign operations bill to around $14 billion.

The more generous offer made additional funding available for poor countries' debt relief, nuclear threat reduction in the former Soviet Union, aid for peacekeeping in Kosovo, aid to Africa and a range of other foreign programmes.

Congress earlier agreed to provide $1.8 billion requested by the Clinton administration for implementation of the Wye River peace accord between Israel and the Palestinians.

The revised foreign aid bill also provides about $123 million in mostly bilateral US debt relief for some of the world's poorest nations — about $90 million more than the Republicans' original offer, but less than the White House's request for $370 million in multilateral aid.

The Clinton administration took a strong stand on the foreign aid bill, defending its global spending priorities and branding some congressional Republicans "isolationists". Clinton vetoed an earlier version of the bill, saying it did not provide enough for "a decent investment in diplomacy."

"This is a much more responsible bill," said Representative David Obey of Wisconsin, the senior Democrat on the House Appropriations Committee. "The president has $800 million in this bill that he didn't have earlier and each of his priorities has been addressed, so I'd say he ought to feel pretty good about this bill.

Republicans, bristling at Clinton's charges of isolationism, have defended their recent budget bills as fiscally prudent and accused Clinton of seeking foreign spending increases that will eat into domestic programmes.

Congress and the White House have still not resolved a dispute over payment of more than $1 billion in arrears to the United Nations.

Alauddin A Majid, Managing Director of BASIC, gives away certificate to a participant of the recently concluded month-long foundation training course for BASIC officers organised by Rapport Bangladesh Limited. M Mosharraf Hossain, Managing Director of Rapport Bangladesh Limited, is also seen. — Rapport photo

Int'l Child Labour Treaty ratified in US Senate

WASHINGTON, Nov 6: The US Senate on Friday unanimously agreed to ratify an international treaty banning the worst child labour abuses such as slavery, a move President Bill Clinton said would help put a human face on the global economy, says Reuters.

"With this action, the Senate has declared on behalf of the American people that we simply will not tolerate the worst forms of child labour — child slavery, the sale or trafficking of children, child prostitution or pornography, forced or compulsory child labour and hazardous work that harms the health, safety and morals of children," Clinton said in a statement after the Senate action.

"With this action, the United States continues as a world leader in the fight to eliminate exploitative and abusive child labour," Clinton added. "This also is another important step forward in our continuing efforts to put a human face on the global economy.

Rapport course participants get certificates

The certificate awarding ceremony of a month-long residential foundation training course for the probationary officers of Bank of Small Industries and Commerce Bangladesh Limited was held at Caritas Development Institute auditorium in the city recently.

Rapport Bangladesh Limited organised the course for BASIC, a total of 27 probationary officers of the bank participated in the course.

Alauddin A Majid, Managing Director of the bank, was the chief guest at the ceremony and distributed certificates among the participants.

M Mosharraf Hossain, Managing Director of Rapport Bangladesh Limited chaired the session.

The function was attended by Sheikh Md Omar Ali, General Manager of BSRS and Deputy General Manager and Company Secretary of BASIC Md Mosaddiqur Rahman.

NEC to sell HQ to raise $ 570m

TOKYO, Nov 6: Japanese electronics giant NEC Corp. plans to raise more than 60 billion yen (570 million dollars) by selling its 43-storey headquarters in central Tokyo, a major daily said today, reports AFP.

NEC has decided to sell the building, erected in 1990 and known as "Super Tower", to help cover extraordinary losses worth some 100 billion yen to be booked in the year to March, the Asahi Shimbun said.

The losses have resulted from the liquidation of some NEC subsidiaries under the company's streamlining programme, the daily said.

NEC hopes to sell the building in the form of securities to several companies, and is negotiating with prospective buyers, it said.

Earlier this week, NEC said it would liquidate its US subsidiary Packard Bell NEC Inc, ending its personal computer production in the US.

The company also admitted Thursday it was facing a US lawsuit over an alleged glitch in its personal computers, a similar action to one that has cost rival Toshiba Corp. 110 billion yen (one billion dollars) in damages and other costs.

The suit against several companies including Packard Bell NEC was filed in Texas by the same US attorneys who forced Toshiba to pay up, according to NEC Corp spokesman Aston Bridgman.

Commodity: Weekly Roundup

Oil up on optimism of supply cutback beyond March

LONDON, Nov 6: Oil prices rose amid market optimism that key producer countries would extend supply cutbacks beyond the current expiry date of March 2000, reports AFP.

Brent North Sea crude on the International Petroleum Exchange (IPE) rose to 22.97 dollars a barrel for December delivery from 21.59 dollars.

On the New York Mercantile Exchange (NYMEX), light sweet crude prices rose to 23.14 dollars a barrel from 21.68 dollars.

The optimism followed comments made by Venezuela's oil minister Ali Rodriguez, who said that his country was prepared to consider an extension of the price-boosting production cuts unveiled last March.

And the joint chief of the Shell oil giant, Mark Moody-Stuart, said the OPEC countries were considering an extension.

Prices also gained from the arrival of cold weather in eastern United States.

An announcement from shell early in the week of production hiccups at its Nigerian operations also lifted prices.

Rubber: High. Rubber prices bounced higher still this week as damaging weather hit growing regions in Asia, while demand from the world's leading tyre manufacturers held firm.

Dealers predicted that prices could fall back in the coming weeks.

The London rubber index rose to 525 pounds per tonne (for December delivery) from 505 pounds and to 530 pounds (for January) from 510 pounds.

In Kuala Lumpur, the RSS1 index rose to 2.91 ringgit per kilo from 2.71 ringgit.

The SMR 20 index, which covers rubber used for tyre manufacture, rose to 3.02 ringgit per kilo from 2.76 ringgit.

Sugar: Melt. Sugar prices fell back this week under pressure from speculative selling.

On the London market, March sugar contracts fell to 187.9 dollars a tonne from 190.7 dollars a tonne one week earlier.

In New York, March contracts also lost ground, slipping to 6.97 cents per pound from 7.01 cents.

While the market is expecting Russia to place large orders over the winter, these are nonetheless likely to be lower than last year's purchases due to a better Russian sugar beet harvest this year.

Vegetable Oils: Rise. US soya prices picked up this week, thanks to the release of strong US weekly sales figures of 730,000 tonnes.

On the Chicago Board of Trade (CBoT), a bushel of soya gained nine cents to 4.74 dollars (for November delivery).

Grains: Gains. US wheat prices advanced this week after US agriculture authorities said that just half the wheat crop was in good condition this winter, down from 65 per cent last year.

In the southeast United States meanwhile, wheat crops continued to suffer from a shortfall of rain.

In Chicago, wheat prices pushed up to 259.25 cents a bushel (for December delivery) from 257.25 cents last week.

Maize gained 2.25 cents to 201.75 cents a bushel (of 25.4 kg, for December) supported by firm US weekly export figures.

In London, wheat prices fell back 50 pence a tonne however to 70.75 pounds per tonne (for November delivery).

Cotton: Wilting. US cotton prices continued to fall this week in limited dealing, despite the publication of healthy weekly sales.

December contracts in New York fell to 51.72 cents a pound from 52.51 cents.

Cash prices covered by the cotton Outlook index also slipped back to 46.85 cents a pound from 47.30 cents.

Wool: Jumper. Wool found good buying interest at various auctions this week, and prices benefitted generally as a result.

The Eastern index rose to 567 Australian cents per kilo.

In Britain, the 10th auction of the season saw 90 per cent of the catalogue sold off, thanks to strong orders from China.

The Wooltops index remained unchanged at 273 pence a kilo.

Cocoa: Chilled. Cocoa prices fell on predictions of a flood of beans from West Africa in the next two months.

March contracts on the London market fell by 11 pounds to 601 pounds per tonne.

Dealers predicted that at least 600,000 tonnes of cocoa would arrive in ports in Cote d'Ivorire by the end of the year.

Fears of widespread drought damage in the world's leading producer country have been allayed by recent rainfall.

Analysts forecast a record harvest in 1999-2000 (from October to September) of 1.2 million tonnes of cocoa.

Coffee: Warm. Coffee prices gained from further dry weather in Brazilian growing regions.

In New York, Arabica for March delivery rose to 109.05 cents a pound from 99.80 cents a pound.

In London, Robusta for January delivery rose by 27 dollars to 1,280 dollars a tonne.

The market remained concerned that the 2000-2001 harvest in Brazil may be damaged by drought during what has been the longest winter in 50 years and the coldest in the last 24.

A record number of frosts and a lack of rain has damaged corn, bean and coffee crops in Brazil.

Tea: Weak. Tea prices in Kenya fell inspite of reasonably strong demand, the London Tea Brokers Association said.

In the Mombasa auction houses, BP1 (high grade Broken Pekoe leaves) fell by up to 23 cents and PF1 (Pekoe Fannings leaves) fell by up to 40 cents.