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Refiners finally agree to sell edible oil at Tk 39 a litre

STAR BUSINESS REPORT

Edible oil refiners have finally agreed to sell edible oil at Tk 39 per litre at wholesale and Tk 40 at retail levels. The decision was conveyed to the Ministry of Commerce yesterday.

The commerce ministry held a series of meetings with different associations of businessmen over the past three months to control the prices of essentials and made extra efforts to bridle the prices during the month of Ramadan.

"But the government measures did not yield fruitful results as a section of hoarders and wholesalers continued to destabilise the market by stock-piling for which essential market witnessed serious price fluctuation," said a commerce ministry official.

Lastly, the commerce minister on Sunday held a meeting with the leaders of oil refiners and expressed serious dissatisfaction over unusual price-hike at the retail level. The meeting ended without any decision.

The commerce minister also formed a six-member team to monitor the prices of essentials after every 15 days.

"Presently, the stock of edible oil is very satisfactory and we have decided to make a supply chain. From now, the wholesalers would sell soybean oil at Tk 39 per kg and retailers at Tk 40 per kg," MA Rouf Chowdhury, president of Bangladesh Vegetable Oil Refiners and Vanaspoti Manufacturers Association, told The Daily Star last night.

"We have arranged open market sale (OMS) at 22 points in Dhaka, Chittagong and Sylhet and so far sold around 35 to 40 lakh kg soybean oil in the OMS. The quantity is expected to reach one crore kg before Eid," he added.

The association has taken different measures so that the hoarders cannot manipulate market, Chowdhury mentioned.

The government cut duties on crude edible oil and lentil by 14 per cent and 6.5 per cent respectively. The decision was taken as part of government measures for stabilising the prices of essentials in Ramadan.

The National Board of Revenue (NBR) recently reduced duties on edible oil by 14 per cent of which import duty is 7.5 per cent, advanced income tax (AIT) 3 per cent and infrastructure development surcharge (IDSC) 3.5 per cent.

Soybean oil was selling between Tk 44 and Tk 46 and palm oil from Tk 36 to Tk 37 on November 21 but the soybean price rose to Tk 46 to Tk 48 and palm oil between Tk 36 to Tk 38 on Sunday.

UNB adds: The minister also cautioned the crude oil refiners of reducing import duty on refined oil if they failed to bring down retail price of soyabean to Tk 40 and palm oil to Tk 33.5 per litre by early this week.

Refiners, who are protected by relaxed import duty on crude oil and high tariff wall on refined oil imports, however, said they supply soyabean to wholesalers for Tk 38 per litre.

"We'll start releasing oil to dealers from tomorrow (Tuesday)," Bangladesh vegetable oil refiners and banaspati manufacturers association secretary Nurul Islam Mollah said after the meeting yesterday.

A commerce ministry official said reducing import duty on refined oils would be the last resort if the existing parleys failed to make prices stable.

Import duty on refined oil has been kept much higher, more than double the duty on crude oil, to protect local refining industry. Refined oil imports are subject to 32.5 per customs duty alone, excluding other duties, while import duty on crude oil is 14.5 per cent.

While consumers continuing to pay high for edible oils, crude oil refiners and wholesalers are blaming each other for heating up the market. Refiners say wholesalers at city's Moulvibazar business hub are manipulating the market, and wholesalers accuse the millers of short supply.

PHOTO: FICCI

Waliur Rahman Bhuiyan, president of Foreign Investors' Chamber of Commerce & Industry (FICCI), speaks at the 39th annual general meeting of the Chamber held at a city hotel on Sunday. Vice President of the Chamber M Nurul Islam and Secretary Jahangir Bin Alam are also seen in the picture.

BSB earns Tk 91.46cr operating profit

UNB, *Dhaka*

Bangladesh Shilpa Bank (BSB) earned operating profit of Tk 91.46 crore during 2001-2002 financial year.

This was disclosed at the 16th annual general meeting of the bank held here yesterday with Chairman of the BSB Board of Directors Prof Abu Ahmed in the chair.

BSB Managing Director Abdul Hamid Miah told the meeting the bank financed eight projects in the last fiscal year.

The projects are expected to create employment opportunities for about 755 people.

Hamid said 21 projects have squared up their loan accounts with the bank during the period under reference.

The bank has set the recovery and disbursement targets at Tk 160 crore and Tk 90 crore respectively for the current financial year (2002-2003).

Hamid said the bank has undertaken pragmatic steps for substantial reduction of its classified loans.

HSBC launches Hexagon Cheque Writer

HSBC has launched its latest e-banking product, Hexagon Cheque Writer, says a press release.

The new product will allow HSBC's corporate customers to print cheques at customer premises and reconcile the same in the integrated platform, Hexagon.

Organon (Bangladesh) Ltd is the first cheque writer customer of HSBC Bangladesh.

CEO of HSBC, David J H Griffiths, handed over the cheque leaves to the Managing Director of Organon (Bangladesh) Ltd, Akhter M Chaudhury at a simple ceremony held in the city recently.

HSBC maintains one of the world's largest private data communications networks and one of its most successful customer service driven technological innovations is Hexagon. Hexagon provides its Corporate and institutional customers an integrated platform to do banking without having to leave their offices. The proprietary software, Hexagon, allows its customer's to have PC access to payments and cash management services, trade services, securities services and other information through a single platform.

Corporate Banking Head of HSBC Adil Islam, Relationship Manager HSBC, Imran Bhaduri, Manager Payment and Cash Management HSBC, Kamal Ahsan, Relationship Officer HSBC, Ghazi M Abu Huraira and Financial Controller of Organon (Bangladesh) Ltd Kanai Lal Saha also attended the ceremony.

PHOTO: HSBC

CEO of HSBC David J H Griffiths hands over cheque leaves introduced under the bank's latest e-banking product, Hexagon Cheque Writer, to Managing Director of Organon (Bangladesh) Ltd Akhter M Chaudhury at a simple ceremony held in the city recently.

OPEC may cut oil output, raise formal limits in Dec

REUTERS, *London*

OPEC is weighing strategy options ahead of a December meeting that could see the cartel simultaneously cut production while raising formal limits which, due to quota-busting, stand far below actual output, OPEC sources said Sunday.

Some in the Organisation of the Petroleum Exporting Countries think it needs to cut back to prevent stockpiles building too quickly and triggering a price crash during the second quarter of next year.

The alternative, as some ministers such as Algeria's Chakib Khelil suggested on Sunday, would be to keep the formal ceiling at 21.7 million barrels per day (bpd).

The hope under this strategy, which seems to be favoured by most ministers, is that rampant quota-busting does not take its toll on oil prices.

But there are some in the cartel who feel that a higher ceiling would provide producers with a more realistic target from which to make reductions.

Output at the moment, by OPEC's own admission, is running 2.8 million bpd in excess of the 21.7 million bpd formal limit.

As a first step, the 10-members bound by quotas could increase limits by up to 1.5 million bpd, OPEC sources said, taking the group's formal ceiling to 23.2 million bpd.

At the same time it would call for strict enforcement of higher quotas, aiming to reduce from actual supplies now of 24.5 million bpd.

"Action along those lines could translate into a cut of about 1.5 million bpd from actual supplies," said one of the sources.

Assuming full compliance, a rise in the ceiling of between one million to 1.5 million bpd would remove 1.3 to 1.8 million bpd of excess supplies.

Influential Saudi Oil Minister Ali al-Naimi failed to convince fellow ministers at the group's September meeting to lift official limits to ensure adequate supplies for winter and legitimise some of their cheating.

Instead the group loosened the taps from mid-September when Iraq war jitters pushed its crude basket beyond the top end of OPEC's \$22-\$28 target range and propelled London's Brent to near \$30.

But with prices already feeling the weight of the excess barrels OPEC's basket has dropped below \$25 there might be a stronger argument for raising the official ceiling when the group meets on December 12 to review tough output curbs.

The group had turned a blind eye towards quota-busting when prices were bumping against the top end of its \$22-\$28 target band, but now many are calling on cartel members to toe the line on output limits.

Venezuela, which pumped 600,000 bpd above its quota during October, said on Saturday it will urge the 11-member exporters' group to improve compliance at its meeting in Vienna.

"Venezuela considers it necessary to strengthen compliance with quotas," Oil Minister Rafael Ramirez told the Caracas daily El Universal on Saturday. "This will be our position at the December meeting".

And Saudi Arabia, the world's largest oil exporter, appears to be leading a drive to stem oversupply by informing customers of cutbacks in December term contract volumes. But so far, the kingdom appears to be acting in isolation.

OPEC's Vienna-based secretariat has served its members a stern warning of what is to come if their slack compliance continues.

Jamuna Bank foundation course begins

A 21-day Foundation Training Course for the 2nd batch of trainee officers of Jamuna Bank Limited began at the Training Institute of Prime Bank Limited on Saturday.

The course will continue till December 26, 2002.

About 30 trainee officers of Jamuna Bank are participating in the course, says a press release.

The course will cover international trade, general banking, credit operation and management.

Shah Md Nurul Alam, managing director of Prime Bank Limited, inaugurated the course as chief guest.

Md Solaiman Khan Majlish, managing director of Jamuna Bank Limited, Md Motior Rahman, SEVP of Prime Bank Limited, Muhammad Shahjahan, SVP & Board Secretary and Shahid Hossain, VP & Head of HRD of Jamuna Bank Limited, were present on the occasion as special guests.

Speaking on the occasion, Shah Md Nurul Alam thanked the Jamuna Bank Management for choosing Prime Bank Training Institute to impart training to the officers of their

PHOTO: PRIME BANK

Shah Md Nurul Alam, managing director of Prime Bank Limited, speaks as chief guest at the inauguration of the 2nd foundation training course of Jamuna Bank Limited organised by Prime Bank Training Institute in the city on Saturday. Solaiman Khan Majlish, managing director of Jamuna Bank Limited, was present as special guest.

Iran likely to import fuel

AFP, *Tehran*

Iranian drivers might think they always fill up with domestic fuel, but OPEC's second biggest oil exporter must import a billion dollars' worth of gasoline (petrol) this year owing to waste and traffickers.

"We use 50 million litres (13.2 million US gallons) of fuel each day, 10 per cent more than a year ago," said Seyed Reza Kasaizadeh, planning director for the national refining and distribution company NIORDC.

"To meet demand, Iran must now import 13 million litres a day, 35 per cent more than last year," he told AFP.

The main reason for Iran's paradox is the poor condition of its autos.

Three of the four million cars on the country's roads are more than 10 years old or have been driven more than 200,000 kilometers (125,000 miles).

"Iranian cars consume on average 17 litres per 100 kilometers (22.27 miles per gallon)," Kasaizadeh said. Some use as much as 22 litres to go that distance.

The Peykan, Iran's national car equipped with 1960s technology, averages 17 litres, but among the roughly 1.3 million of them on the road, some date back to before the 1979 revolution.

They contribute to heavy smog which makes Tehran one of the most polluted cities on the planet.

But as long as a litre costs 500 rials (six US or European cents), Iranians are not too worried about fuel consumption or waste.

Mitsubishi Tokyo Financial Group loses $1.5b

AFP, *Tokyo*

Japanese banking giant Mitsubishi Tokyo Financial Group said Monday its first half net loss nearly doubled due to losses on its vast share portfolio and bad loan write-offs.

MTFG suffered a net loss of 188.1 billion yen (1.54 billion dollars) in the six months to September, up from the 140 billion yen net loss the group predicted in October, and almost double the 96.8 billion yen loss seen a year earlier.

The banking giant trimmed its recurring loss to 193.3 billion yen from 290.1 billion yen a year earlier. Revenue declined by 15.6 per cent to 1,425.4 billion yen.

The bank suffered a recurring loss of 136.7 billion yen in its banking operations, a loss of 40.5 billion yen in the trust banking business and another 18.1 billion yen in the securities business, the bank said in a statement.

"This is mainly because we proceeded with sales of stockholdings amid a stock market slump and carried out appropriate write-offs."

"We have steadily written off non-performing loans but we cannot do anything about such a sharp decline in stocks," MTFG president and chief executive Shigemitsu Miki said at a press conference.

He added that the bank had strengthened its bad loan disposals, resulting in a 74 billion yen increase in charges, while a payment of 40 billion yen related to maturing corporate bonds also contributed to the net loss.

Denmark to give Tk 56cr for private sector development

UNB, *Dhaka*

Denmark will provide 75 million Danish kroner (approximately Tk 56 crore) to Bangladesh for implementation of Private Sector Development (PSD) programme.

An agreement to this effect was signed yesterday between Joint Chief of ERD MA Muktadir Mazumder and Danish Ambassador Neil Severin Munk on behalf of their respective governments.

The PSD programme, funded by the Danish International Development Assistance (DANIDA), has been available to Bangladesh since 1999.

Overall objective of the DANIDA PSD programme is to contribute to the economic and social development of Bangladesh by attracting Danish technology and investment in the private sector of the country.

PSD programme supports the establishment of profitable long-term and mutually binding commercial ventures between Bangladesh and Danish companies.

Bidding for setting up Shahjalal Fertiliser Factory delayed again

STAFF CORRESPONDENT, *Sylhet*

The tender for construction of proposed Shahjalal Fertiliser Factory in Sylhet has been delayed for the seventh time.

According to the new schedule, bids will now be received till February 23, 2003 instead December 31 this year, said an official.

In the newly pressed tender, the provision for financing the \$250 million project from own resource of the government has been abolished.

Under the terms incorporated in the re-tender, bidders may submit a complete offer comprising both technical and commercial aspects for an ammonia-urea complex with a production capacity of 600 MT liquid ammonia and 1000 MT of liquid granular urea or 1000 MT of liquid ammonia per day and 1700 MT of granular urea per day.

However, all other terms and conditions would remain as before, official sources said.

Bangladesh Chemical Industries Corporation (BCIC) officials also said the international tender for setting up the fertiliser factory at Fenchuganj has been re-fixed as there was an apprehension that no suitable proposals would be attracted. For the same reason, bidding dates were extended for six times earlier.

The step was first taken in 1993 for setting up of the plant on the premise of the existing Natural Gas Fertiliser Factory (NGFF) at Fenchuganj, 30 kilometres off Sylhet city.

The existing one lakh five thousand-ton capacity NGFF was established in 1961. However, the NGFF now produces 85,000 tons of fertiliser a year.

North Korea reportedly bans US dollars

AFP, *Seoul*

North Korea has reportedly banned the use of US dollars in what experts here speculated Monday was retaliation against Washington's suspension of fuel oil supplies to Pyongyang.

The Stalinist country has adopted euros as an alternative international payment, China's Xinhua news agency reported.

Quoting a letter sent from the state-run Korean Trade Bank, Xinhua said foreigners and North Koreans were advised to convert US dollar accounts into euros or other currencies this month.

The dollar ban was imposed on North Koreans November 18. Foreign residents are required to convert their dollars by December 1, the bank's letter said.

Come December, the greenback will no longer be accepted in hotels, foreign-related shops or as payment for services in North Korea, a Korean Trade Bank official told Xinhua.

India plans to sell off 54 cos this fiscal

AFP, *New Delhi*

India's minister in charge of privatisation, Arun Shourie, said Monday that 54 state firms had been identified in which the government was planning to sell equity in the current fiscal year.

"All efforts are being made to complete the procedural requirements to finalise these cases," Shourie told the upper house of parliament in a written reply to a question.

However, he did not name the firms.

The Indian government has only managed to raise 50 billion rupees (one billion dollars) from privatisation in the current financial year against a targetted 120 billion rupees from the proposed sale of stakes in 27 state firms.

Fiscal deficit posing risk to Indian economy: IMF

AFP, *New Delhi*

India's high fiscal deficit is posing a "big short-term risk" to its economy, International Monetary Fund (IMF) deputy managing director Anne Krueger warned here.

"It is not a time bomb, but a high fiscal deficit has certainly posed danger of short-term risks to the economy," Krueger told reporters late Sunday.

"I think the combined fiscal deficit in India is now at 10 per cent of GDP," she said.

"It is not sustainable as it could stunt growth, push up inflation, harden interest rates, crowd out private investment and choke government borrowing in the short term."

India has already said cutting down a ballooning budget deficit, which stood at 5.9 per cent of gross domestic product (GDP) last year -- way above the targetted 5.1 per cent -- was a priority area for the economy.

When the federal deficit is added to those of the various states, the combined deficit is close to 10 per cent.

India's target is to cut the federal deficit to 5.3 per cent of GDP in the current fiscal year, but government borrowings had by mid-November already exceeded 83 per cent of its budget target for the financial year ending March 2003.

"I know of no country that has succeeded in running a fiscal deficit that is 10 per cent of GDP for very long," Krueger said, adding this could underpin future growth.

"It is not possible to say how long something like that can go on before there is trouble. So clearly that has to be addressed. We would see that as a big short-term risk," she cautioned.

She said the deficit could also lead to less finance available for private firms, affecting their growth.

"When the investment demand picks up, interest rates have to start rising. As and when that happens, there will be a crowding out of the private sector, choking growth."

Krueger said higher interest rates would also hit the government's finances as it would have to pay more for its borrowings.