

2 more digital phone exchanges for Dhaka, Ctg

Tk 14 cr credit lapses

Star Economic Report

An amount of 3.5 million Special Drawing Rights (Tk 14 crore), lying unutilised under the Third Telecommunication Credit, is likely to be refunded to the World Bank after its deadline expires on June 30 this year.

The T & T Board could not utilise the money due to absence of matching fund. Board sources say. According to provisions of the contract agreement, a certain amount of local currency component should be spent for a specific project to get the World Bank and other donors' credits.

Meanwhile, a World Bank team is now in the city to negotiate the 4th Telecommunication Credit. The team was scheduled to hold talks on various aspects of development and expansion needs of the

Iraq to join OPEC meet

NICOSIA, May 31: Iraq said it would send its new Oil Minister to next week's OPEC meeting in Vienna, reports Reuters.

OPEC Ministers meet on June 4 to discuss production levels needed to defend oil prices, currently more than three dollars below the official OPEC reference price of 21 dollars a barrel.

Board. The team will place a detailed report to the World Bank headquarters and the amount of credit will be finalised then. The World Bank team will also review the performance of various aided sectors of the board and make an evaluation report, the sources further added.

After the devastating 1988 floods, the T & T Board took up a rehabilitation project following huge damage to its infrastructural and network facilities. The project was carried through the Project Evaluation Committee (PEC) but it was not approved by Executive Committee of the National Economic Council (ECNEC). Without ECNEC approval, the Planning Commission could not release the funds.

Meanwhile, ECNEC approved a 60,000-line digital exchange for Dhaka South and a 20,500-line digital exchange for Chittagong.

The projects are now awaiting the Prime Minister's clearance which is expected to be given soon.

After installation of these two exchanges, telephone requirements of these two big cities will be minimised to a certain extent.

The Board had earlier installed a 26,000-line digital exchange at Moghbazar.

Nikhet and northern areas of the city. Out of the 26,000-line, nearly 14,000 connections have so far been given. The customers did not show much interests in getting a digital connection due to its exorbitant installation charge.

The government has, however reduced the installation charge to Taka 20,000 in place of Taka 30,000 in a bid to attract more people to have digital sets. The telephone transfer fee was also reduced to Taka 2500 from existing Taka 5000. The move was witnessed as positive signs by many circles and some of them viewed that installation charge could be reduced to Taka 15,000 per telephone to make it available for the commoners' use.

Japan is willing to fund the 60,000-line digital exchange project for Dhaka South. The estimated cost of this project is Taka 410 crore.

The 20,500-line exchange project at Chittagong is expected to be completed with French assistance. The estimated value of the project is Taka 145 crore.

Meanwhile administrative bottlenecks were still hampering development projects of the Board. Many vital decisions were lying pending for long resulting in slower progress of many projects, it was alleged.



ISLAMABAD: Pakistani Finance Minister Sartaj Aziz (L) talks with Premier Nawaz Sharif at the Parliament House May 30, after Aziz had presented the annual budget. Pakistan increased defence expenses despite its deficit.

- AFP photo

Private sector, Defence get the boost

\$780m deficit in Pak budget

ISLAMABAD, May 31: The Pakistan Government Thursday announced a budget loaded with incentives for the private sector and boosting defence spending, despite a projected deficit of 780 million dollars, reports AFP.

The budget for the financial year from July 1 allocated about three billion dollars for defence, an 11.6 per cent increase over the previous year.

No reason was cited for the rise but Pakistan has increased defence spending in recent years amid strained relations with neighbouring India and the ongoing civil war in Afghanistan.

The budget, presented to the National Assembly by Finance Minister Sartaj Aziz, projected revenues at 10.2 billion dollars and spending at 10.9 billion dollars, a 10 per cent increase over the previous year.

It is the first budget of the six-month old government of Prime Minister Nawaz Sharif and requires endorsement by Parliament before coming into force.

The main opposition leader Benazir Bhutto described it as "hopeless," saying the Government was only helping in-

dustrialists and doing nothing for ordinary people.

"It will make richer the already rich people," she said.

The Government will meet the bulk of the deficit through taxation reforms and adjustment in levies, Aziz said.

He said the Government would set up an Islamic Welfare Fund, or Baitul Mal, for the needy as well as forming a commission to seek ways of improving the economy following the passage on Sharia bill this month.

The government will ask major companies to contribute to the Baitul Mal which will supply food and other essentials to low-income groups at subsidised rates.

However, in a bid to attract private sector investment, the Government has decided to grant a 10 per cent cut in the maximum tax on private firms' income.

The government is also to reduce import duties on 1,321 items by five per cent, to cut the duty on computer hardware from 40 per cent to 25 per cent and to abolish the duty on computer software.

Snippets

Canada for Japan in UN leadership role

TOKYO, May 31: Canada is prepared to back a reform in the United Nations to allow Japan to play a leadership role in world political and social affairs. Prime Minister Brian Mulroney said here Tuesday, reports AFP.

Mulroney did not refer directly to Japan's wish to become a permanent member of the UN Security Council along with Britain, China, France, the Soviet Union and the United States.

But he said Canada would support UN reforms that enable Japan to play a leadership role in world political and social affairs commensurate with Japan's economic accomplishments and its stature in the world.

France to tap state bodies for revenues

PARIS, May 31: The French Finance Ministry said it will tap certain public bodies for exceptional payment to the Treasury as part of its effort to hold the 1991 budget deficit at 80.2 billion francs, reports Reuters.

It listed the bodies concerned in a bill covering various economic and financial measures presented by Finance Minister Pierre Berégovoy to a cabinet meeting today.

A fund controlled by state bank Caisse Des Depots Et Consignations, used to provide assistance to elderly shopkeepers and craftsmen, has built up significant reserves and will provide one billion francs, the Ministry said.

Pak rupee fall to US dollar

KARACHI, May 31: The Pakistani rupee fell to 23,800/23,910 against the dollar on Thursday compared with 23,75,868 on May 22 and 21,900/22,009 a year ago, reports Reuters.

The State Bank of Pakistan gave no reason for the fall, but Treasury Manager Mohammad Yasin of Algemene Bank Nederland said the Government had almost fulfilled the International Monetary Fund (IMF) target of depreciation ahead of the 1991/92 (July/June) federal budget. The rupee has fallen over nine pct since July 1, 1990 when its rate was 21,7900/21,8990.

Latin American debt cut request slashed

WASHINGTON, May 31: A key US House of Representatives subcommittee slashed an Administration request for funds for Latin American and Caribbean debt reduction on Wednesday from 304 million to 65 million dollars, reports Reuters.

The appropriations subcommittee made the cut during consideration of the US foreign aid bill for the 1992 fiscal year beginning on October 1.

The panel's Chairman, David Obey, a Democrat from Wisconsin, said the cut was being made because the money was not available, because congressional sentiment was against providing debt relief and because the most of Latin America's debt was commercial rather than official debts owed to the US Government.

IMM currency futures return to narrowly mixed

CHICAGO, May 31: IMM currency futures returned to narrowly mixed levels and midrange when a shortlived firming lacked momentum, reports Reuters.

Nearly futures edged up to daily highs after revised first-quarter US gross national product figures had a limited impact. Some traders ascribed the edge upward more to relief the report was in the market than to the data.

"I can't even tell you how quiet it was right after the report, said one floor broker. I think the reaction was, it's out of the way. Let's go on."

EC authorises Fiat Group to acquire CEAC

BRUSSELS, May 31: The European Community's Executive Commission on Wednesday authorised Magneti-Marelli of the Italian Fiat Group to acquire the Compagnie Europeenne d'Accumulateurs (CEAC), a member of the Alcatel-Alsthom group, the European Commission said, reports AFP.

However the commission said the deal was subject to Magneti-Marelli's selling another French manufacturer of car batteries, Compagnie Francaise d'Electrochimie (CFEC), so that the Italian firm will not control more than 50 per cent of the French market.

Fiat has agreed to cut progressively its share in CFEC from 75 to 10 per cent, the commission said.

Soviet economic plan falls short: US

LISBON, May 31: The US government believes that a new Soviet economic recovery plan falls short of the market-oriented reforms the United States has been seeking, a senior US official said, reports AP.

The official, travelling aboard the plane which brought Secretary of State James A. Baker III to Lisbon, said Soviet plan does not envision a "really fundamental major difference" from current Soviet economic policy.

The official, who spoke with reporters Thursday under conditions that prevent use of his name, did say that the plan contained "some improvements."

Details of the plan have not been made public, but its au-

thors have described it as oriented to "privatisation, destabilitation, the liberalisation of prices."

The Soviet economy is in free-fall toward a collapse. Output shrank last year and some experts predict gross national product, the total supply of all goods and services, could fall 20 percent this year. At the same time that prices may increase 100 percent in what Soviet economists admit could be the beginning of hyperinflation.

Some Soviet economists have spoken of the possibility that western industrial nations organized as the "Group of Seven" might agree at their July meeting to grant massive aid to accompany reorganization of the Soviet economy.

Soviet President Mikhail Gorbachev has been fishing for an invitation to attend the London meeting. In Washington, US officials said President George Bush had not made up his mind about whether the Soviet leader should be invited but Gorbachev's presence seemed "inevitable."

Washington officials, who spoke on condition of anonymity, said whether Gorbachev comes probably would depend on whether the host, British Prime Minister John Major, favours it. French President Francois Mitterrand and German Chancellor Helmut Kohl have said they want Gorbachev there.

An invitation to London might serve as a leverage to pry agreement to significant economic changes out of Gorbachev, these officials told The Associated Press — changes notably absent from the plan carried by Primakov, they said.

US stock prices soar

NEW YORK, May 31: US stock prices soared on Thursday, pushing the Dow Jones industrial average to its second close above 3,000 on investor enthusiasm that economic recovery is on its way, reports Reuters.

The widely watched Dow jumped 30-86 points, or more than one per cent, to close at 3,004.45. It was the fourth straight gain for the index, which closed just shy of its record 3,004.46, set April 17.

Volume was the heaviest in six weeks, with 234.3 million shares changing hands on the New York Stock exchange. Gaining issues swamped losers 1,143 to 444.

"We're finding that the bears are getting out of their woolly outer coats," said Gene Jay Seagle, Director of Technical Research at Gruntal

and Co. A series of economic reports boosted a growing belief that the economy is shaking loose from the grip of recession.

"There's a real change in psychology now," said Michael Metz, chief market strategist at Oppenheimer and Co. Investors now believe we're at the low point of the recession.

The government said new-home sales rose for the third straight month in April while applications for jobless benefits fell in mid-May from the previous week.

Personal income rose slightly and consumer spending fell in April, roughly in line with analysts' expectations.

But Metz is still cautious about the market's recent strength.

Although the market may rise more over the next week, Metz said he expects stocks to drop off in a "correction" and may advise investors to further boost cash levels.

The NYse Composite Index of all listed common stocks rose 2.11 to 211.50. The standard and poor's composite index of 500 stocks rose 4.17 to 386.96.

The average share on the New York Stock Exchange was up 36 cents. Composite volume on the New York and other consolidated exchanges was 276.9 million shares.

The American Stock Exchange Index rose 3.66 to 369.79. The Nasdaq Over-the-Counter Index was up 4.14 to 503.19.

SAARC to set up chamber

COLOMBO, May 31: A chamber of commerce and industry of the South Asian Association for Regional Cooperation (SAARC) is to be set up following a meeting of federations of trade chambers of SAARC member nations scheduled for June 6 this year in Pakistan, reports Xinhua.

Local press reports recently quoting Perera, President of Federation of Commerce and Industry of Sri Lanka, as saying the setting up of such a regional trade association would be a historic move in the South Asian Region.

Yemen declares Aden to be a free-trade zone

ADEN (Yemen), May 31: Yemen has declared Aden, once one of the world's busiest ports, a free-trade zone, reports Reuters.

A statement issued after a cabinet meeting in the capital Sanaa said the government had told a special committee to take immediate measures to establish a zone.

Aden, at the mouth of the Red Sea, has become a backwater but the government wants the port city to recover the role it once played for ships plying to and from India and the far East.

It also plans to set up an industrial area, building new factories and modernising Aden's 36-year-old oil refinery.

A year ago traditionalist north Yemen and socialist south Yemen merged into one country.

New OPEC quota for Iraq, Kuwait unlikely

HOUSTON, May 31: OPEC is unlikely to set new quotas for Iraq and Kuwait at next weeks meeting, but analysts say warmer relations between Saudi Arabia and Iran could lead to an overall production increase from the group, reports Reuters.

"Saudi Arabian-Iranian relations have emerged at the central political relationship in OPEC," said Vahan Zanozian, analyst with Petroleum Finance Co in Washington, D. C.

Iran's softening stance could help Saudi Arabia win support for a 500,000 barrel per day (BPD) rise in OPEC output, analysts said.

OPEC agreed in March to a 22.3 mln BPD production target.

Historically, Iran, Algeria

and Libya have lobbied for output cuts in order to push oil prices higher. But recently, Iran appears to have modified its position in the hope of improving ties to the West.

"There are bigger fish to fry for Iran than siding with Algeria over price issues," said Joseph Stanislaw with Cambridge Energy Research Associates in Paris.

On Monday, Iranian President Hashemi Rafsanjani opened an international conference of oil producers and consumers by saying Iran wants to rejoin the world economic community.

"If that image is going to work (Iran) has to be moderate in the OPEC camp," Zanozian said. "A few years ago, Iran would never have talked about that."

Bush favours \$ 1.5 b aid to Soviets

WASHINGTON, May 31: Senate Republican leader Robert Dole said he thinks President Bush would like to grant the Soviet Union 1.5 billion dollars in new grain credits, reports Reuters.

But Bush feels restrained by a provision in the 1990 farm law that requires recipients to be credit worthy, Dole said.

Dole spoke to reporters as he began talks Wednesday with Soviet envoy Yevgeny Primakov, who is seeking US aid in exchange for promises of Soviet reform.

"I think he (Bush) would like to be accommodating, but there's a provision in the 1990 farm bill about credit worthiness," Dole said.

Soviet President Mikhail Gorbachev requested the US credits in April, saying Moscow needed the money to buy American grain and help ease food shortages.

Dole, who is from the grain-producing state of Kansas, noted that the Senate had already passed a resolution urging Bush to grant the credits.

Market Prices of Listed Shares and Debentures with Dhaka Stock Exchange

At the close of trading on May 23 and May 30, 1991.

Table with columns: Company, EV/ML, May 23, May 30, High, Low. Lists various companies like BANES, Al Baraka Bank, City Bank, etc.

World's top bankers to meet in Japan

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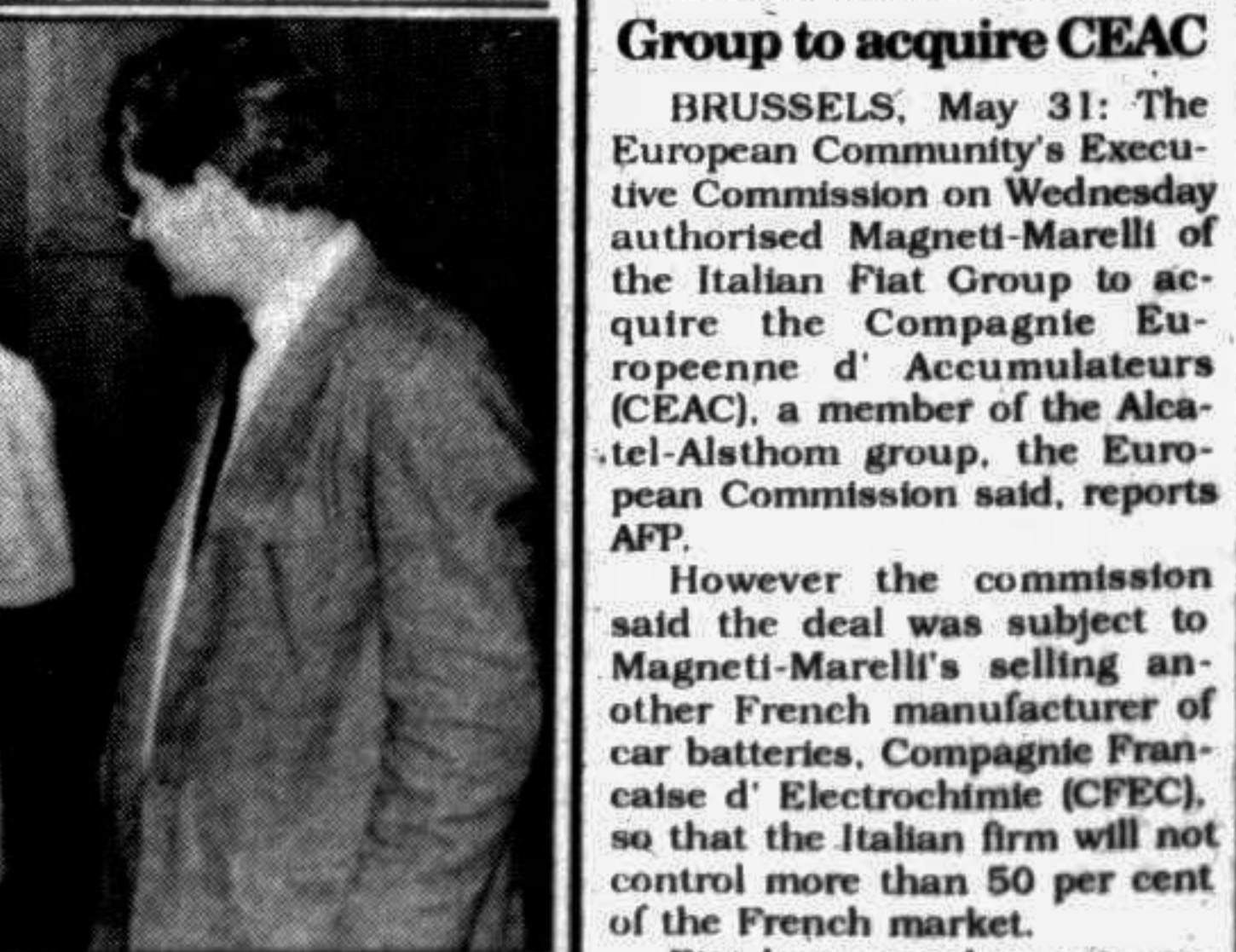
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