

# Soviet economy heading towards catastrophe

MOSCOW, Jan 23: A former top Kremlin aide said on Tuesday the Soviet Union was heading fast into economic catastrophe and President Mikhail Gorbachev and his team were doing nothing to stop it, reports Reuters.

Stanislav Shatalin, for almost a year Gorbachev's main Economic Adviser, also said new Prime Minister Valentin Pavlov played a key role last year in sabotaging a fast-track plan to create a market system.

Shatalin, an academician and member of Gorbachev's Presidential council until its dissolution this month, said the Kremlin chief had capitulated to military and communist hardliners fighting against his Perestroika programme.

"Our country is now in a state of extreme crisis, decay and wild disorder. Economic catastrophe is coming on fast and in effect nothing is being done to avert it," he said in an

open letter to Gorbachev published in the newspaper Komsomolskaya Pravda.

Shatalin said the new government's economic projections for the coming year were fanciful and the 1991 budget approved by Parliament this month was "a pure fiction".

He said the budget, passed against a background of rapidly mounting inflation and shortages of basic goods, "will bring sharp price rises, especially on food."

Shatalin said the Soviet Union could not come through the crisis unless it had help from the West.

Without it, he said, "We will never create an effective market economy and we will never solve either current or long-term problems of our economic development."

Against a background of mounting alarm abroad over Gorbachev's swing to hardline policies, he said: "Euphoria in the West over our Perestroika has long ago evaporated, as I hope you know."

"Your present policies are making the West even more reserved. There can be no illusions on that score."

The letter provided rarely publicised details of the working of the Kremlin and a struggle under way for Gorbachev's ear.

Shatalin said that last autumn, after he and a reform team had prepared the so-called "500-day" programme to move to the market at Gorbachev's request, it was sabotaged by Pavlov, then Finance Minister, and State

Planning chief Yuri Maslyukov.

Gorbachev recommended Pavlov, a former Tax Inspector, to Parliament as Prime Minister two weeks ago with a glowing recommendation, to replace the ailing Nikolai Ryzhkov. He was easily elected.

Maslyukov was reappointed to the government as a Deputy Premier and is also expected to continue in his previous post.

The 500-day plan, Shatalin said, was subjected "to extreme sabotage, especially from Maslyukov and Pavlov and others who crudely violated all your instructions. You made no protest, punished no one, and some you even promoted."

After the sinking of the fast-track plan as Gorbachev backed away from it, Parliament approved a new and much less specific programme of "general directions" towards a market economy.

## Concern over situation in Glaxo

Foreign Investors Chamber on Wednesday expressed its serious concern over the situation prevailing in Glaxo Bangladesh.

Prolonged labour unrest in the multinational's factory at Chittagong has threatened its closure. After lock-out for three months, it opened on last Thursday. But, the rehired employees with the help of outsiders created a law and order situation. The factory was closed on the same day.

Glaxo Bangladesh is the oldest operating multinational company. The company sources in Dhaka said that it had been running at loss for the last three years after the enforcement of the drug policy. The annual loss was about Taka 10 million.

Sources said that the company went for modernisation of its factory. This necessitated retrenchment of 87 factory workers. The retrenched workers were given compensation and other benefits under the existing law. But, the employees union resisted retrenchments, leading to lock-out in October.

The Glaxo has now 820 employees after retrenchments.

Reviewing the situation in Glaxo Bangladesh, President of Foreign Investors Chamber A. H. Khan told the Daily Star that "signals are quite disturbing". "Either we have the rule of law or we don't," he observed. "Glaxo has offered the most reasonable package for its retrenched employees and fulfilled all the requirements under law", he maintained.

The chamber chief observed, the union has the right to take recourse to the normal process of law if it is not satisfied with retrenchment terms. But, it has no done so and is flexing muscles instead, he said.

Mr Khan said that the Foreign Investors Chamber took up the matter with the government but action was yet to come and the situation remained difficult for the company to maintain its operations.

According to the chamber President, the situation in Glaxo will have adverse effects on investments. Foreign private capital will not be coming if things go like this, he maintained.

The labour union leaders were not available in Dhaka for their comments on the situation.

## No steps to revive GATT talks: UK

BRUSSELS, Jan 23: Not enough effort is being made to revive GATT trade talks that collapsed last month, British Agricultural Minister John Gummer said here Tuesday, reports AFP.

He said: "I am concerned that the sense of urgency which should be coming from Geneva is not striking." Geneva is the headquarters of the General Agreement on Tariffs and Trade (GATT).

The Uruguay round of GATT talks to lower barriers to free trade collapsed here last month, at a conference which was supposed to finalise four years of negotiations.

The main cause of failure was the refusal by the European Community (EC), backed by Japan, to make deep cuts in farm subsidies demanded by the United States and other farm exporting countries.

Mr Gummer, speaking after a meeting of EC Farm Ministers, said it was a "real worry" that GATT Director-General Arthur Dunkel was not making greater efforts to bring the GATT negotiators back to the negotiating table.

The Uruguay round aims at lowering trade barriers not only in agriculture, but also in textiles, and such services as insurance, telecommunications, shipping and banking.

It was also supposed to reinforce protection of such intellectual properties as copyrights and trade marks. GATT officials say failure of the talks could lead to deeper recession, trade wars and international disharmony.

Mr Dunkel said after exploratory talks with GATT negotiating officials in Geneva on January 15 that he was "moderately encouraged" at the chances of restarting the GATT talks.

For technical reasons, any new GATT agreement must be signed by mid-February.



Leather processing: The Daily Star runs a photo series on leather processing. The photographs will cover the whole process from procurement to production. Workmen after curing the hides are tanning them with the help of steam machine for finished products. Star Photo -Three. By A.K.M. Mohsin.

## Oil prices rise as Iraq blows up Kuwait wells

LONDON, Jan 22: Oil prices rose on Tuesday after news reached markets in London and New York that Iraq had begun blowing up Kuwait oil wells.

At 1830 GMT on the New York Mercantile Exchange light US crude oil futures for March delivery was quoted at 21.70 dollars per barrel, 1.38 dollars up on Monday's close.

North Sea Brent Crude march futures on London's International Petroleum Exchange at the same time were up 1.18 dollars to 20.15 dollars per barrel, holding most of the day's early gain.

A US military report that Iraq had blown up some Kuwait oil wells and storage facilities in the neutral zone's Al-Wafra field sparked fears that mines on wells inside the Emirate might be detonated.

Engineers said that because Kuwait's oilfields were close to the surface and "gush" naturally, they would burn easily.

"Kuwait has some of the most readily available oil in the world," said one engineer who has worked on installations there.

Traders must adjust to Thursday's record drop in prices which took the market to the lowest since before Iraq's invasion of Kuwait on August 2. The extent of the move last week shook a few people, one trader said.

AFP says: Reports Tuesday of the destruction of Kuwait oil facilities by Iraq caused nervous speculation on the markets and drew questions about the long-term impact of the move.

In New York, prices for sweet light crude for February deliveries jumped 2.88 dollars a barrel to reach 24.18 dollars for February deliveries at the close of trading Tuesday.

Prices also rose 2.05 dollars Monday after a record drop during the first two days of the Gulf war.

"The destruction of the oil facilities like pumping stations should not have immediate impact on the world market," said Bill Taylor, spokesman for the American Petroleum Institute.

He explained that increased production from other OPEC countries offset the 4.3 million barrels of oil per day produced by Iraq and Kuwait before the war.

Crude oil prices opened higher in Tokyo on Wednesday reflecting firmness in New York trading overnight, traders said.

The bellwether Dubai contract for March deliveries was quoted at 17.50 Dollars per barrel in mid-morning trading after opening the day at 17.55 Dollars, up 1.25 Dollars from Tuesday finish, they said.

Tokyo stocks opened sharply lower on Wednesday on news that Iraq had launched another missile attack on Israel.

"The market is just waiting for bad news, and until it comes, the market should just drift lower," said Masahiko Tsuyuzaki, chief trader at Tachibana securities.

French share prices lost more than 21 points when the cac-40 index tumbled 1.37 per cent to 1,532.35 in early business. But several traders said the end of the bourse's monthly settlement period on Wednesday could prompt some buying later in the session.

In Frankfurt, share prices opened sharply lower with the 30-share dax index sliding 1.6 per cent or 22.29 points to 1,367.91.

Crude oil prices underwritten share values in European on Tuesday as markets came to grips with the possibility of a long and draining Gulf war.

## G-7 to cut Egyptian, Polish public debts

PARIS, Jan 23: The seven leading western industrialised countries are to cancel more than one third of the public debts owed by Poland and Egypt, French Finance Minister Pierre Berezgevy said here on Tuesday, reports AFP.

Speaking on his return from a meeting of the seven so-called Group of Seven (G-7) countries in New York, he said "We shall go further than is expected under the arrangements of consensus within the international monetary community" with regard to the poorest countries.

The amount of debt to be cancelled would be "More than 33 per cent but less than 80 per cent," in contrast to a request made on behalf of Poland by Polish President Lech Walesa.

The handling of the debt would be similar for the two countries and would be discussed by the so-called club of Paris which comprises most creditors of public debt.

Mr. Berezgevy said that

## Tea prices decline at Ctg auction

Star Economic Report

Tea prices fell at Tuesday's auction at Chittagong because of weak demand. The decline for different varieties was up to Taka 5.00.

Limited activities by the exporters and restricted demand from the internal traders led to very large withdrawals at the weekly auction sale.

In all, 22,777 packages were on offer.

Tea market report by Unity Brokers Limited said that the Iranian buyers failed to negotiate their letters of credits with the banks for the outbreak of Gulf war. If funds are tightened, demand may slaken further.

The report suggests, offerings from auction sales in mid-February and afterwards will show a sharp decline because many final invoices have arrived.

The prices for different varieties at the auction were:

ORTHODOX: Two lines of medium broken sold between Tk. 35.80 and Tk. 43.00 whilst some stally broken realised between Tk. 20.00 and Tk. 28.00. Few lines of fannings sold between Tk. 38.50 and Tk. 39.20.

CTC: All broken met with limited demand and prices generally eased between Tk. 2/3 with a substantial quantity remaining unsold. Selective lines sold between Tk. 50.20 and Tk. 51.50. Fannings also saw less enquiry and prices eased between Tk. 2/4. Few selective lines sold between Tk. 52.00 and Tk. 60.00.

D U S T: 3,611 packages were offered. Less internal demand led to lower prices at between Tk. 3/5. There were some withdrawals.

GREEN TEA: 310 packages were offered. Young Ilysons and Pine Young Ilysons sold between Tk.60 and Tk. 70.70(Y11) and FY11's realised between Tk.42 and Tk.51.50.

The next weekly auction (sale no 38) will be held on January 29 in which total offerings will comprise of approximately 25,000 packages Leaf and 4,000 packages Dust.

Tea sale no. 39 is due for February 5. The catalogues for it closed with the arrivals of January 15.

Tea crop production in 1990 has been estimated at a record of 45.1 million kilos, up by 6.02 million kilos from 1989 and 1.62 million kilos in 1988.

Tea brokers said useful rains in November and December contributed to high crop returns for both months.

## Snippets

**World coconut output may rise**  
JAKARTA, Jan 23: World coconut output is expected to rise by 54,000 tonnes of copra equivalent, less than one per cent over 1990, to 9.08 million tonnes this year, the Asian and Pacific Coconut Community (APCC) said Thursday, reports AFP.

Of the total, 83 per cent would be produced by the 14 members in the APCC, led by the Philippines and Indonesia which together would produce nearly 4.8 million tonnes, the APCC said in a statement.

Production in the Philippines would increase to 2.48 million tonnes this year from 2.43 million in 1990, in Indonesia to 2.35 million tonnes from 2.30 million while in India, the third largest producer, it would grow to 1.34 million tonnes from 1.27 million.

**Dollar drops, gold gains in NY**  
NEW YORK, Jan 23: The value of the Dollar dropped in early New York trading Tuesday while gold gained 5.80 Dollars to open at 390 Dollars an ounce, reports AFP.

The Greenback was trading at 147.75 Deutsche Marks versus 1.4950 Marks at Friday's close prior to the long weekend due to celebration Monday of Martin Luther King's birthday.

The Dollar was also down to 131.15 Yen from 132.25 Yen Friday, to 1.2525 Swiss Francs (1.2545), 0.5108 Pounds Sterling (0.5124) and to 5.0580 French Francs (5.0840).

**Long war to cool Japanese economy**  
TOKYO, Jan 23: A prolonged war in the Gulf would further cool the Japanese economy, already slowing down due to higher interest rates, Kyodo news service reported yesterday, quoting a private think tank, reports AP.

Sunwa Research Institute predicted that Japan's economic growth for the new fiscal year starting April 1 would retreat to an inflation-adjusted 2.9 per cent if the war dragged on causing severe damage to oil facilities and crippling the crude oil supply.

**Trade surplus in China**  
BEIJING, Jan 23: Exports were China's 1990 success story, but that economic triumph may become a diplomatic alibi, reports Reuters.

Booming exports and curtailed imports gave China its first trade surplus since 1983 and the biggest in its history.

Official Chinese statistics show total exports rose 18.1 per cent to a record 62.07 billion dollars in 1990 while imports fell 9.8 per cent to 53.96 billion.

The 1990 surplus of 8.11 billion Dollars compares with a deficit of 6.6 billion dollars in 1989.

## Share prices continue to decline

A moderate rise in trading was witnessed on Wednesday at Dhaka Stock Exchange. But the prices continued to decline as buying support was weak and selling pressures remained stronger.

In all, 3054 shares changed hands compared with Tuesday's 816. The traded shares valued Taka 2,29,219.00 against Taka 1,22,900.00 on the preceding day.

Decliners dominated the transactions. This led to a further drop in DSE All Share Price Index to 340.7549 points from Tuesday's 340.8314.

In all 26 listed shares changed Rands. Eleven lost in prices. Seven gained and eight remained unchanged their previous rates.

Among the losers Jute Spinners lost Taka 4.00 to Taka 94.00 at its closing.

City Bank and Bangladesh Autocars lost Taka 2.00 each to Taka 178.00 and Taka 121.00 respectively.

2nd ICB Mutual Fund, Karim Pipe, Pharmaco, National Tubes, Gae Bangla Sugar, Eagle Box and Eagle Star lost within the range of Taka one and Taka 0.31.

On the gainers side, Chittagong Cement and Savar Refractories rose each Taka 2.00 to Taka 132.00 and Taka 129.00 respectively.

Eastern Cables also advanced Taka 1.28 to Taka 81.00 at the closing.

United Insurance and Apex Tannery gained Taka one each to Taka 109.00 and Taka 146.00 respectively.

BGIC in insurance sector and BATA Shoe also advanced Taka .50 each.

## Raw Jute

January 23  
Kutchha bales  
FOB \* Narayananj/Daulatpur  
Varieties (Tk. per 100 Kg)

	White	Tossa	Mesbia
Medium	1393	1500	1125
Bot. (B)	1340	1447	1098
Bot. (C)	1206	1286	1045
Bot. (X)	1072	1125	857

\* FOB = Freight on board  
Bot. = Bottom

White Rejection (WRS) / Tossa Rejection (TRS)

Varieties	TK. per	FOB	FOB
Bandha			
White bale*	MT*		
BW SPL.	3450	585	
BWA	3350	570	
BWB	3300	550	
BWC	2900	480	
BWD	2600	410	
BWE	2000	365	
Tossa			
BW SPL.	3500	595	
BTA	3450	580	
BTB	3400	560	
BTC	2950	490	
BTD	2650	420	
BTE	2100	375	

## Quoted Prices of Traded Stocks

January 23

Banks	TV/ML	Closing	Change*
Al Baraka Bank	100/10	100.00	unchanged
City Bank	100/5	178.00	(-2.00)
Investment	100/5	178.00	(-2.00)
2nd ICB Mut	100/5	109.00	(-1.00)
Fund			
3rd ICB Mut	100/5	146.00	unchanged
4th ICB Mut	100/10	139.00	unchanged
Insurance			
BGIC	100/10	106.50	(+0.50)
Green Delta	100/10	106.50	(+0.50)
United	100/10	109.00	(+1.00)
District			
Engineering			
Apex Tannery	100/5	146.00	(+2.00)
B. Hat			
Aluminium	100/10	78.00	unchanged
Eastern Cables	100/5	81.00	(+1.28)
Karim Pipe	100/5	109.00	(-1.00)
National Tubes	100/10	113.50	(+0.50)
Food & Allied			
Dhaka Vegetable	100/5	100.00	unchanged
3rd ICB Sugar	10/50	8.50	(+0.30)
Food & Power			
Pulsa On Co.	10/50	45.00	unchanged
Jute			
Jute Spinners	100/5	94.00	(-4.00)
Pharma & Chem			
Pharmaco	100/5	40.00	(-1.00)
Paper & Printing			
Engle Box	10/50	12.64	(+0.86)
Textile			
Eagle Star	10/5	33.44	(+0.31)
Modern Dyeing	100/5	33.00	unchanged
Queen Textile	100/50	8.00	unchanged
Miscellaneous			
Apex Tannery	100/5	146.00	(+1.00)
Bata Shoe	100/100	40.00	(+0.50)
Chittagong			
Concom	100/5	125.00	(+2.00)
Savar Refractories	100/5	129.00	(+2.00)

\* TV = Face Value, ML = Market Lot  
\*\* Changes: Plus signs mean gain and (-) signs losses.

## Exchange Rates

January 23

SELLING AND BUYING RATES, offered by Commercial Banks, for Bank Cheques, (BCs) and Overseas Drafts (ODs) One Unit of Foreign Currencies (FCs) for Taka

FCs	Buying	Selling
US Dollar	35.4432	35.9226
*UK Pound Sterling	69.4056	70.2215
German Deutsche	23.7396	24.076
Mark		
French Franc	7.0046	7.1063
Saudi Riyal	9.4819	9.6101
Dutch Guilders	20.0158	21.3190
Pakistan Rupee	1.6006	1.6160
(AMU*)		
Singapore Dollar	20.4119	20.6880
UAE Dirham	9.6831	9.8141
Kuwait Dinar	Not available	
Indian Rupee	1.9320	1.9508
(AMU)		
*AMU-Asian Monetary Unit		
SECONDARY EXCHANGE MARKET		
Wage Earners Fund/Export		
Performance Bond (XPB) Fund		
	Buying	Selling
US Dollar	36.48	36.53
UK Pound	71.35	71.40
Sterling		

\* The rates of Pound Sterling are decided every day, based on the cross-rates of New York market.

Source: Sonali Bank

## Dhaka Stock Exchange Market Profile

133 Listed stocks

7 Gains 11 Losers 115 Unchanged

115 unchanged stocks include eight traded on the day at the previous day's quoted prices.

DSE All Share Price Index = 340.7549

Issued Capital=Taka 4,602,377,190.00

Market Capitalisation=Taka 9,737,159,860.00

Turnover = Taka 229219.00 (Value) 3054 (Volume)

## Gold & Silver

January 23

Gold	(Taka for 11.66 grams)
Toshi	6800.00
Quinn	6500.00
Silver	200.00

Source: Department of Agricultural Marketing

## HIDES & SKIN

(Wet/Salted) January 23

	Taka per 100 pieces
Cow	15,000.00 - 20,000.00
Light	30,000.00 - 35,000.00
Medium	40,000.00 - 45,000.00
Heavy	50,000.00 - 60,000.00
Very heavy	75,000.00 - 80,000.00
Reputed	77,000.00 - 82,000.00
Goat	
Big A	15,000.00 - 13,000.00
Light A	
Medium	7,000.00 - 8,000.00
Reputed	3,500.00 - 4,000.00
Sheep	9,000.00 - 10,000.00
BUFFALO	62,000.00 - 60,000.00

Source: Department of Agricultural Marketing

## Price Barometer Essentials

January 23

Rice	(Taka per Kg)
Amor Very fine	17.00-18.00
Aman(Fine)	14.00-15.00
Pajira	13.50-14.00
Uftali	12.00-12.50
VEGETABLES (Taka per kg)	
Potato(White)	5.00-5.50
Brijjal	5.00-7.00
Lady's finger	15.00-16.00
Cauliflower / piece	6.00-9.00
Karola	24.00
Lalhab	5.00-6.00
Green Bananas (Four Pieces)	5.00-8.00
CHIFFONDEURAN (Bha per Kg)	
Flour	12.00-14.00
Aris	11.50-12.00
Wheat	9.50-10.00
FISH (Taka per kg)	
Rubi(big)	130.00-140.00
Katla(big)	89.00-100.00
Hilsa	60.00-65.00
Shrimp(big)	80.00-90.00
Shrimp	50.00-60.00
Koi	60.00-75.00
PULSES (Taka per Kg)	
Mashur	33.00-37.00
Moghar	33.00-36.00
Chhola	26.00-28.00
Matar	27.00-28.00
Kharar	19.00-20.00
MEAT (Taka per Kg)	
Beef	50.00-55.00
Mutton	75.00-80.00
OIL (Taka per Litre)	
Mustard	48.00-56.00
Soybean	33.00-35.00
Cocunut (Colombo)	60.00-64.00
Vegetable Ghee	44.00-52.00
SPICES (Taka per kg)	
Onion( new)	15.00-16.00
Garlic	40.00-44.00
Chillies	65.00-70.00
Tumeric(Round)	42.00-46.00
(Long)	48.00-52.00
Green chillies	20.00-24.00
Ginger	16.00-22.00
Cinnamon* (10gms)	3.00-3.50
Cardamom* (large)	8.00-10.00
Mustard* (50gms)	6.00-7.00
MISCELLANEOUS (Taka)	
Chow	220.00-230.00
Sugar	32.00
Molasses	16.00-18.00

Source: Department of Agricultural Marketing