

### Team off to US to negotiate textile quota

**Star Economic Report**  
A Bangladesh delegation led by the Secretary of Ministry of Commerce left Dhaka Monday to negotiate the country's textile quota in the United States and Canada.  
The delegation will discuss with their counterparts in the USA from April 3 to April 5 while with those in Canada on April 12 and 13.  
Other members of the Bangladesh Delegation include Mohammad Fazul Azam, 1st Vice-President of Bangladesh Garments Manufacturers and Exporters Association, Redwan Ahmed MP, 2nd Vice-President and Eng. M. A. Taher, Member of the Executive Committee of the Association, the Vice-Chairman of Export Promotion Bureau (EPB) and the Director General, EPB.

### S. Africa to supply fuel to Indian Ocean Islands

**JOHANNESBURG, Apr 1:** South Africa, currently the target of a United Nations oil embargo, is set to supply fuel to the Indian Ocean Islands of Madagascar and Mauritius, the Johannesburg Sunday Times reported, says AFP.  
The crude oil would come from the vast stocks in the country, report said.  
The proposal involves a trade agreement between Mauritius and Madagascar which calls for crude oil supplied from South Africa to be processed by the Toamasina Refinery in Madagascar.  
Under the deal, part of the crude from South Africa which is refined at Toamasina would become Malagasy property in lieu of payment for the work.

### Japan's foreign reserve falls

**TOKYO, April 1:** Japan's foreign reserves fell to a record 8.08 billion Dollars in March, the government announced Sunday, suggesting that much of the nation's Gulf aid has been passed on to the US and other nations, reports Reuters.  
In March, Japan had set aside 1.17 trillion Yen, roughly 8.5 billion Dollars, to cover the allies' cost of the Gulf War.  
"It's now in black and white. Japan has paid its dues for (operation) Desert Storm," said Jesper Koll, Chief Economist at S.G. Warburg Securities (Japan) Inc.

### Price Barometer

April-1	
<b>RICE</b> (Taka per Kg)	
Anon (Very fine)	17.00-17.50
<b>AMANI</b> (Taka per Kg)	
Aman (fine)	14.50-15.00
Pajam	13.00-14.00
Ufsh	11.50-12.00
<b>VEGETABLES</b> (Taka per kg)	
Potato (White)	3.00-3.50
Brijal	4.00-6.00
Lady's finger	8.00-10.00
Karolla	10.00-11.00
Lalshak	4.00-5.00
Papay	5.00-6.00
Green Banana (Four Pieces)	5.00-8.00
<b>OTHER FOODGRAIN</b> (Taka per Kg)	
Flour	12.00-14.00
Atta	10.00-11.00
Wheat	9.00-10.00
Suzi	18.00-20.00
<b>FISH</b> (Taka per kg)	
Rainbow	120.00-130.00
Kanabig	90.00-100.00
Hilsh	50.00-55.00
Pangas	110.00-120.00
Shrimp (big)	80.00-90.00
Singi	75.00-85.00
Koi	90.00-100.00
<b>PULSES</b> (Taka per Kg)	
Mash	27.00-28.00
Mashur	26.00-28.00
Moogh	33.00-35.00
Chhola	22.00-24.00
Matar	25.00-27.00
Khesari	16.00-18.00
<b>MEAT</b> (Taka per Kg)	
Beef	50.00-60.00
Mutton	80.00-90.00
<b>OIL</b> (Taka per Litre)	
Mustard	50.00-54.00
Soyabean	33.00-34.00
Palm Oil	40.00-41.00
Coconut (Colombo)	64.00-68.00
Vegetable Ghee	40.00-52.00
<b>SPICES</b> (Taka per kg)	
Onion (new)	12.00-15.00
Garlic	20.00-28.00
Chillies	54.00-60.00
Turmeric (Round)	40.00-44.00
(Lang)	42.00-48.00
Green chillies	16.00-20.00
Ginger	20.00-24.00
Cinnamon* (10gms)	3.00-3.50
Cardamom* (large)	3.50-4.00
Jhira (50gms)	7.00-7.50
<b>MISCELLANEOUS</b> (Taka)	
Ghee	220.00-230.00
Sugar	29.00
Molasses	18.00-20.00

**Trading remains closed at DSE**  
**Star Economic Report**  
Trading at Dhaka Stock Exchange (DSE) was suspended on Monday as a mark of respect to the memory of noted industrialist A.K. Khan.  
A.K. Khan, a founder member of the DSE and also its founder Councillor, died in Dhaka on Sunday of a heart attack at the age of 85.

# Plea to protect poor states' industries

Star Economic Report

The leaders of Bangladesh Chamber of Industries (BCI) made on Monday strong pleas with the visiting World Bank (WB) appraisal team for strong and effective protection to local industries.  
Without protection, the industries in a least developed country like Bangladesh at their nascent stage of growth will not survive, they said.  
The discussions with the WB team were held at the office of BCI to review the performance in country's industrial sector and to consider impediments to rapid industrialisation. The main focus of the discussions was on the bank's objections to some pro-

visions under the draft industrial policy.  
Pham Van Thuyet, Senior Industrial Economist of Industry and Energy Division, Asia Department, accompanied by another WB official, represented the Bank in the discussions.  
Acting President of BCI Sharif M. Afzal Hossain appraised the delegation of various problems still lingering in the industrial sector.  
Ali Ahmed Khan, Vice President of BCI and Chairman, Bangladesh Steel and Engineering Corporation (BSEC), Mohammad Masud Ali Khan, Managing Director, Sena Kalyan Sangtha, Md. Nazmul Islam Managing Director, Hay

Electric Industries, Al-Haj Abdur Rashid and other BCI Directors took part in the discussion. They pointed out the problems faced by industrial operators in various sectors, and stressed the need for protection and availability of industrial credit funds at concessional rates of interest.  
Responding to the demand for protection by BCI Directors, the WB side noted that concessions and financial incentives were given to the private investors in Bangladesh for a pretty long time but there was no favourable impact of the same on investments and industrial performances.  
The WB officials observed that such protection and con-

cessions could never be a permanent arrangement while the rationale for sound economic management remained distorted and the interests of the consumers lay neglected.  
The BCI leaders argued that the industry in Bangladesh had begun to flourish only a decade ago and it would need more time for expansion and sustained growth. They said financial incentives, selective subsidies in areas such as fuel, transport, and utility services and preferential tariffs will be needed to promote dispersal of the industrial base to the under-developed and least developed areas.  
The BCI leaders stressed the need for effective govern-

ment actions to curb smuggling and save the industries from an uneven competition.  
The WB team agreed that smuggling operations would need to be curbed. The BCI Directors felt that such operations were peculiar in nature in the context of Bangladesh's geographical location and could not be explained by conventional economic wisdom.  
The BCI functionaries urged the delegation to review the stipulations of earlier loan agreements with the Bank regarding earmarking of the concessional fund for least developed area and the concessional rate of interest enjoyed by the export-oriented industries. The BCI functionaries said,

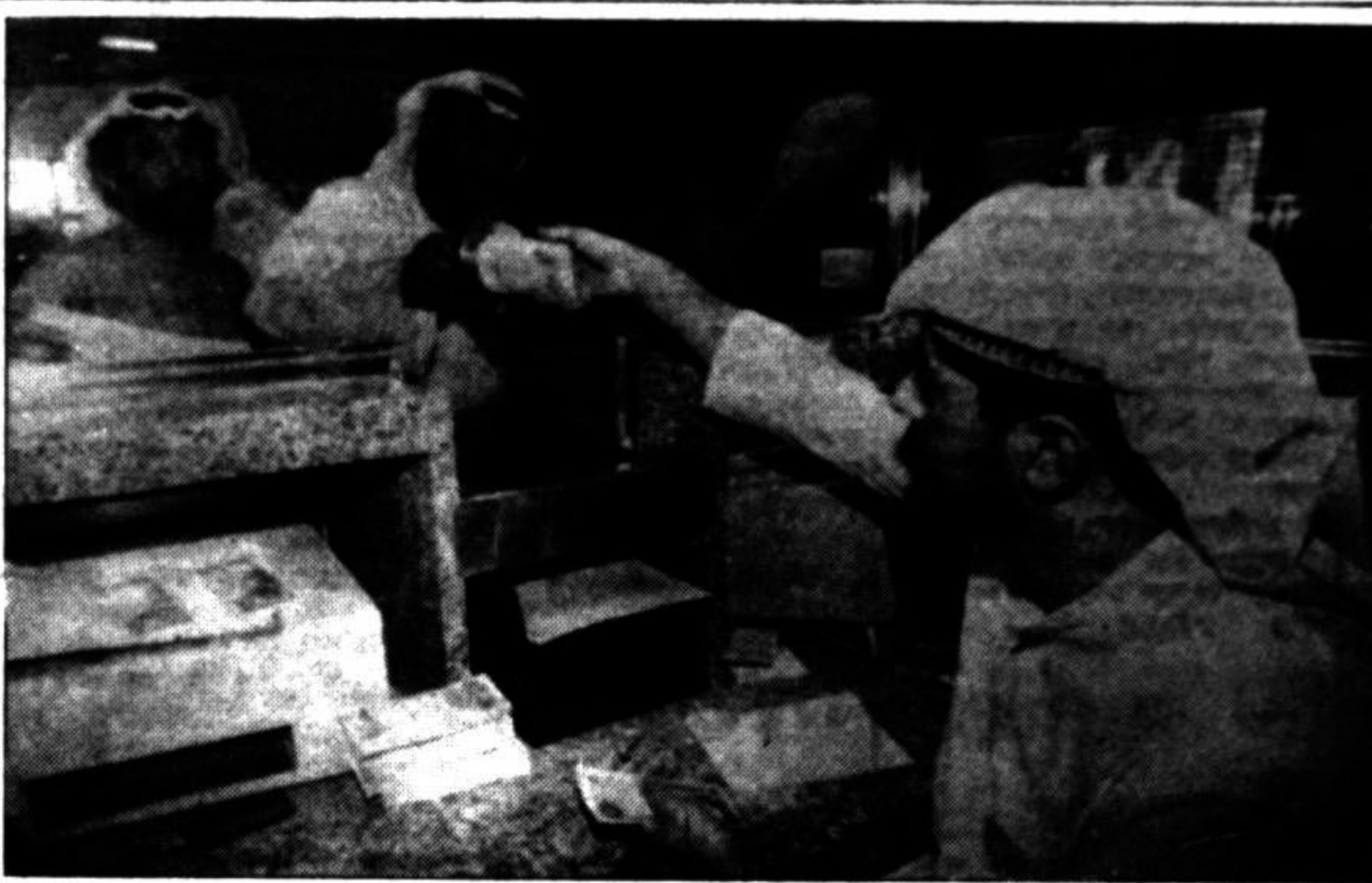
shortage of capital is a major impediment to rapid industrialisation in the country. They stated, most entrepreneurs do not have funds of their own and they are dependent on institutional sources for credits. But due to complicated formalities, the institutional sources of industrial development funds can not be properly utilized, they added.  
About the impediments to rapid industrialisation in Bangladesh, the members of BCI noted that technological backwardness, lack of proper demand forecast and modern marketing techniques were the most difficult problems.

## Market liberalisation vital to prosperity in Asia: Roh

**SEOUL, April 1:** President Roh Tae-Woo said Monday that entry into the United Nations (UN) by longtime rivals South and North Korea was key to peace on the divided peninsula and to all of Asia, reports AP.  
"The Gulf war is a stark reminder that the world we live in is still fraught with uncertainties and instabilities," Roh told to 1,000 delegates from 48 nations attending a major UN conference.  
Roh spoke at the opening session of the UN Economic and Social Commission of Asia and the Pacific. The 10-day conference was attended by ministers from 48 nations, including the five permanent members of the Security Council, the United States, the Soviet Union, China,

Britain and France.  
The conference focused on reviewing economic and social development in Asian nations, particularly in terms of analysing the impact of the Gulf war.  
Roh said market liberalization was vital to prosperity in Asia. The Asia Pacific region accounts for over 40 per cent of world trade volume and more than 50 per cent of global economic output, Roh said.  
"Trends toward protectionism and regional blocs will only serve to constrict world economy and hamper economic development efforts not only of the developing countries but of the developed countries as well," Roh said.  
AFP adds: South Korean President Roh Tae-Woo used

the occasion of a United Nations Commission meeting to press for his country's entry into the world body.  
At his opening address at the 47th session of the United Nations Economic and Social Commission for Asia and Pacific (ESCAP), Roh said South Korea continued to seek membership "to better carry out our share of international responsibilities and contributions for the Asia-Pacific region and the world."  
"It must be in direct contravention of the principle of universality that the Republic of Korea, a sovereign state with a population of 43 million and the world's 12th largest trading country with an annual trade volume of 130 billion US dollars, should remain outside the United Nations," he said.



**KUWAIT CITY:** Al Ahli Bank of Kuwait teller Yusef Dashti (R) hands the money to Kuwaitis collecting the 500 Kuwaiti Dinar (2,000 US Dollars) March 31. The Government pays each Kuwaiti the amount as compensation for those who remained in the Emirate during the seven months Iraqi occupation. — Photo AFP/UNB.

# Profits for nationalised banks decline

By Nazmul Ashraf

Profits were down for Nationalised Commercial Banks (NCBs) in 1990 because of additional loss provisions against bad, doubtful and sub-standard loans under Financial Sector Reforms (FSR), banking sources said.  
Final estimates about the profits are not available yet. The banks have not received so far any compensation package, promised under the FSR, from Bangladesh Bank.  
The FSR, introduced in early 1990, envisaged recapitalisation of the NCBs up to five per cent of their total deposits. The interest subsidies, stipulated under the reforms, for

loan operations in priority sectors have also not been made available to them. This has made it difficult to make any realistic assessment about their total earnings and receipts in 1990. And without this, they are also unable to make any final assessment about profits for the year.  
Even if the banks receive additional funding support by way of interest-bearing bonds for recapitalisation, and cash subsidies for priority lending operations at concessional rates of interest, the profits of the NCBs would be slashed in a major way in 1990, according to some senior bankers. The

increased amount of funds which the banks kept with Bangladesh Bank under minimum statutory cash reserve requirement in 1990 cut their profits. The reserve requirement was raised to 10 per cent in 1990 from earlier five per cent of total deposits. The banks had to forgo a substantial amount of earnings on account of this, because this they could not use the funds for normal credit operations. Reserves kept with Bangladesh Bank under minimum statutory requirement have provisions for interest earnings at eight per cent, and that too, upto 50 per cent of the total amount.

Besides, the banks under the FSR cannot show, in their accounts, any interest receipts on 'sub-standard loans' after their classification under the new arrangement. The new flexible interest rate structure has also entailed more interest payments on savings deposits. While the expenditures rose in 1990, incomes had fallen. This would lead to low profits.  
Banking circles noted that most of the problems of the banks were because of partial implementation of the FSR. If the FSR is made fully operational along with compensation package provided for the sit-

uation may change for the better, they observed.  
The financial strains on the NCBs following the partial implementation of reforms programme can be illustrated by the situation in one particular bank.  
The NCB in particular had to make provisions for bad, doubtful and sub-standard credits by an additional amount of Taka 360 crores in 1990. The new arrangements under the FSR not only lowered its profit but also involved additional funds of over Taka 300 crores for loan loss provisions. The bank earned profits over Taka 23 crores in 1989.

But its profits for 1990 could not finally assessed due to non-receipt of any compensation package from Bangladesh Bank.  
The bank's bad debts increased by more than Taka 100 crores while doubtful and sub-standard loans by over Taka 100 crores and Taka 150 crores respectively in 1990 alone.  
It incurred a loss of about Taka nine crores as forgone interest earnings because it had to keep about Taka 300 crores with Bangladesh Bank under minimum statutory cash reserve requirement.

### OPEC output still intact

**NICOSIA, Apr 1:** Crude oil output by OPEC members was roughly 23.4 million barrels per day (BPD) in March, almost the same as the 23.3 million BPD recorded in February, the Middle East Economic Survey (MEES) reported, reports Reuters.  
The Nicosia-based oil industry newsletter also said Saudi Arabia is set to carry out an eight million BPD crude sales programme in April.  
Eleven of OPEC's 13 producing members last month had decided to cut total production by the group to 22.3 million BPD in the second quarter. Saudi Arabia is to cut output, including local refinery runs and sales from stocks, to around 8.034 million BPD.  
"There are still some doubts about exactly how much of the reduction will actually be forthcoming," MEES said.  
The Newsletter said of the eight million BPD sales, commitment of Saudi Arabia was expected to be covered from overseas stocks, with the result that wellhead crude production will be less than eight million BPD.

## Firms afraid to sign foreign trade accord USSR reverting to old economy?

**TOKYO, Apr 1:** While some countries in East Europe are making rapid economic reforms, the Soviet Union seems to be going back in part to its old system, a top official of the Organisation for Economic Co-operation and Development (OECD) said here, reports Reuters.  
Salvatore Zecchini, the OECD's Assistant Secretary General, said Moscow had been making efforts to reintroduce central control to end chaos and avoid collapse of the distribution and production systems.  
"They are inadequate to deal with macroeconomic problems or form the basis of economic recovery and appear to diverge from reforms proposed by a study last year," he said in a lecture.  
The study was written by the OECD, the World Bank, the International Monetary Fund and the European Bank for reconstruction of seven major industrial countries — Canada, the United States, France, Italy, Germany, Britain and Japan.  
It recommended a drastic reform of the legal, financial and trade systems as well as of agriculture, distribution, en-

ergy and manufacturing. The study said delay in implementation would lead to an even larger and longer decline.  
"The Soviet Union has tried to introduce a number of reforms but it is hard to say whether they are coherent, consistent and will lead to usable results in the foreseeable future," Zecchini said.  
"It wants to reform the economy, then we are in the realm of considerations presented in that study. But, it does not want to reform its economy. I do not see how the west could help improve the

economic situation of the Soviet Union maintaining all the elements of the system as they are," he said.  
Soviet firms are afraid to sign foreign trade agreements because foreign currency regulations are unclear, forcing them to make stop-gap barrier agreements that affect deeply the economies of East Europe, Zecchini said.  
He said Hungary and Poland, which had been most ambitious in implementing reforms, might show an improvement in their business climate this year as some reforms start to pay off.

Zecchini, who is also Director of the OECD's centre for co-operation with European Economies in transition, is in Tokyo to meet government and business leaders.  
The OECD groups the 24 major capitalist economies.

### Gulf crisis costs \$91m to ABC

**MANAMA, April 1:** Arab Bank International (ABI), a major Middle East bank dealing in international markets, suffered a net loss of 91 million dollars last year partly because of the Gulf crisis, its President said Sunday, reports AFP.  
President Abdulla Saudi, who is also the bank's Deputy Chairman and Chief Executive Officer, said that operating profit before loan loss provisions had dropped from 184 million dollars in 1989 to 153 million dollars last year.  
Loan loss provisions amounted to 179 million dollars in 1990, compared to 132 million dollars in 1989.  
When taxes and the bank's obligations to its subsidiaries were figured into these losses, the bank suffered a net 91 million dollars.  
"It was a very difficult year," Saudi said at a press conference, adding he regretted "the attitude of the international banks" that decreased their deposits in Gulf banks because of the crisis over Kuwait.

### Gold & Silver

April-1	
Gold (Taka for 11.66 grams)	6,000.00
Tajjal	6,300.00
Guinea	6,300.00
Silver	200.00

Source: Department of Agricultural Marketing

### Hides & Skin

April-1 (Wet/Salted)	
April-1 (Taka per 100 pieces)	
Cow	15,000.00 - 19,000.00
Cliff	28,000.00 - 35,000.00
Light	40,000.00 - 45,000.00
Medium	55,000.00 - 60,000.00
Very heavy	70,000.00 - 75,000.00
Rejected	30,000.00 - 35,000.00
Goat	
Big & heavy	14,000.00 - 15,000.00
Light & medium	7,500.00 - 8,000.00
Rejected	3,500.00 - 4,000.00
Sheep	10,000.00 - 10,500.00
BUFFALO	60,000.00 - 65,000.00

Source: Department of Agricultural Marketing



Members of the BGMEA and the visiting World Bank delegation are seen in a meeting on Monday in city. On the left (middle) Mr. Pham Van Thuyet, leader of the visiting delegation, and on the right (first) Mr. Mohammad Mosharrif Hossain, President, BGMEA.

**3rd Annual General Meeting of Al Baraka Bank Bangladesh Ltd. held on March 31 at Bangladesh Shishu Academy Auditorium. Vice Chairman Mr. M.R. Siddiqi presided over the meeting. A large number of shareholders attended it.**

### Role of garments industries lauded

**Star Economic Report**  
The visiting World Bank (WB) mission lauded on Monday the role of the country's export-oriented garment industries for their "significant contribution" to the national economy.  
The World Bank delegation led by Pham Van Thuyet met in Dhaka the representatives of Bangladesh Garment Manufacturers and Exporters Association (BGMEA). BGMEA President Mohammad Mosharrif Hossain and 1st Vice President, BGMEA M. Fazul Azam, and its members Noorul Quader and Shamsur Rahman represented the Association at the meeting.  
The BGMEA President briefed the WB delegation about the success and growth of the industry over the years. The sector has been the prime mover in the country's industrialisation, he added.

### Exchange Rates

April-1	
SELLING AND BUYING RATES offered by Commercial Banks for Bank Cheques (BC) and Overseas Drafts (OD)	
One Unit of Foreign Currencies (FC) for Taka	
FCs	Selling Buying
US Dollar	35.9226 35.4432
UK Pound Sterling	62.8564 62.1052
German Deutsche Mark	21.1808 20.8558
French Franc	6.2209 6.1357
Saudi Riyal	9.6101 9.4619
Dutch Guilders	18.7146 18.4505
Pakistan Rupee (AMU*)	1.5639 1.5475
Singapore Dollar	20.0237 19.7584
UAE Dirham	9.8141 9.6631
Kuwait Dinar	Not available
Indian Rupee	
AMU	1.8271 1.8098
S. Kroner	5.9411 5.7584
*AMU-Asian Monetary Unit	
<b>SECONDARY EXCHANGE MARKET</b>	
Wage Earners Fund/ Export Performance Benefit (XPB) Fund	
	Selling Buying
US Dollar	36.48 36.53
UK Pound Sterling	63.86 63.91

\*The rates of Pound Sterling are decided every day, based on the rates of New York market. Source: Sonali Bank

### Snippets

**Job fair in Beijing**  
BEIJING, April 1: A job fair was held here which allowed job seekers to meet with units seeking employees in Beijing, reports Xinhua.  
The fair, sponsored by the Beijing Personnel Exchange Centre, attracted thousands of Beijing residents.  
Li Shurong, one of the organizers, said that some 226 units from Beijing, including state-owned, collective, foreign funded enterprises, as well as state organs, participated in the fair.

### Dollar consolidating in Asian trading

**TOKYO, April 1:** The dollar is seen consolidating in narrower ranges in thin Asian trading, with many major overseas markets closed for the long eastern holiday weekend, reports Reuters.  
An expected supply shortage of an estimated 100-200 million dollars resulting from heavy importer settlements before the local fixing at around 0100 GMT is likely to underpin the dollar against the yen, in an otherwise featureless market, dealers said. "It will be a consolidation phase in the long-term uptrend," said Masayuki Watanabe, Assistant Manager at Nikko Securities Co. Operators look for the dollar to trade in ranges of 140.20-141.00 yen and 1.6900 - 1.7020 Marks during Asian time.

### Japan counters Dollar's rise

**TOKYO, April 1:** Japan in the framework of Group of Seven (G-7) coordination, has been making efforts to counter the dollar's recent rise. Finance Minister Ryutaro Hashimoto said, reports Reuters.  
"We are watching the situation (the dollar's rise) very carefully," he told the budget committee of parliament's upper house.  
Economic Planning Agency Minister Michio Ochi told the same committee that he is also watching exchange rates carefully because a weaker yen could affect Japan's domestic prices adversely.

### Dollar ends lower

**TOKYO, Apr 1:** The Dollar ended sharply lower against the Mark but off its lows after short-covering in the afternoon halved earlier losses resulting from speculative selling by US and Swiss banks in Singapore, reports Reuters.  
The Dollar closed only slightly lower against the Yen after dropping sharply earlier on the same speculative selling.  
The Dollar closed at 140.60 Yen and 1.6865/70 Marks after Friday's New York close at 140.70/75 and 1.6880/00.

### RBI devalues Rupee against Pound

**BOMBAY, April 1:** The Reserve Bank of India (RBI) Sunday announced a downward revision of the Rupee by 1.45 per cent in relation to the Pound Sterling, making the British currency costlier by 91 Paise, reports PTI.  
The new middle rate now works out to Rs. 34.60 per Sterling as against Rs. 34.10 previously.  
The Rupee was devalued by 0.15 per cent on March 28.

### Search for oil in Vietnam

**KUALA LUMPUR, April 1:** The national oil companies of Malaysia and Vietnam will sign a contract in the middle of this year to search for oil at two sites off the south coast of Vietnam, reports AFP.  
The Vice Chairman of Vietnam's State Planning Minister Mai Ky, said Sunday that Petronas and Petrol Vietnam would formalise an initial contract signed earlier this year.

### Maldives to go for oil drilling

**COLOMBO, April 1:** The Maldives will start drilling for oil in July this year, a statement for its High Commission (Embassy) in Colombo said Saturday, reports Reuters.  
The Maldivian government signed an agreement on an exploratory project with the US Shell Corporation in 1989.  
The first experimental oil well was expected to be completed by September.

### Dollar's sudden surge surprises economists

**TOKYO, April 1:** Economists in Tokyo, many taken by surprise by the Dollar's sudden surge, are warily forecasting the US currency will end the year somewhat above current levels but below last year's highs, reports Reuters.  
"When we look at the economic fundamentals, we can see a case for a stronger Dollar, but not for the Dollar panic that's going on now," said Robert Feldman, an economist at Salomon Brothers Asia Ltd.