Snippets

Indian Rupee

devalued

serve Bank of India (RBI) an-

nounced a Tuesday, a down-

ward revision of the Rupee by

1.13 per cent in relation to the

Pound Sterling, making the

British unit costlier by forty

The new middle rate now

works out to Rupees 35.55

per Sterling as against Rupees

Bahrain's Investment

Corp, EC sign accord

Bahrain based Investment

Corp and EC has signed a 250

million Dollar loan with 21 in-

ternational banks for its main

holding company, investoorp

S.A. in Luxembourg, reports

loan was 65 basis points over

the London Interbank offered

rate, including the underwrit-

J.P. Morgan coordinated the

loan which rose to 250 million

dollars from an initially

planned 200 million.

The three-year Eurodollar

Bankers Trust Company and

MANAMA (Bahrain) May 22:

paise, reports PTI.

35.15 previously.

BOMBAY, May 22: The Re-

Public sector investment plan unrealistic

The public sector industrial investment programme under the three-year rolling plan for the period, 190-93, is unrealistic and incoherent, according to the World Bank.

investment outlay of the programme is Taka 15.92 billion at constant 1990-91 prices. It proposed to start 46 new industrial projects, excluding those under technical assistance, in public sector during the period. Many of such projects were included in previous development plans but failed to receive financing for a variety of reasons.

In its Country Economic Memorandum(CEM) prepared for the forthcoming Aid Club meeting in Paris, the Bank noted that the three-year investment programme recommended a sharp increase in public sector industrial investment (excluding the large fertiliser investments).

This, according to the Bank, is in contrast what the Fourth Five Year Plan document acknowledged as the "disappointing performance of most public manufacturing enterprises in recent years" and its emphasis on priority to be given to the private sector for future industrial develop-

The CEM pointed out that much of the proposed public sector industrial investment under the three-year rolling plan were not "strategic" in nature and "have little (if any) rationale in the public sector."

In a number of cases, the new projects are in sectors, such as paper or sugar, where there are chronic problems of excess capacity and/or shortages of raw materials and in which the government intends to disinvest existing enterprises, it noted.

The Bank suggested that a vigorous effort would be needed to prune the public investment programme for industry down to a level "that is realistic and consistent with clearly-defined objectives for this sector."

Sharp fall in share trading Star Economic Report

Dhaka Stock Exchange (DSE) witnessed a sharp decline in transactions on Wednesday.

In volume terms it went down to only 879 from Tuesday's 10.014. Traded issues valued Taka 1,34,230.00 compared with Tuesday's Taka 1.65,780.00.

Decliners and advancers were equal in number. But ad vancers involved more in value terms. As a result the DSE All Share Price Index moved up slightly to 344.5445 points from Tuesday's 344.4712. index is the indicator of price movements of all the listed stocks.

Transactions involved thirteen stocks of them four gained, four lost and five remained unchanged at their previous quoted prices. Beximco Pharma, Kohinoor

Chemical and Dhaka Vegetable moved up Taka 2.00, Taka 1.47 and Taka 1.00 to Taka 178.00, Taka 68.47 and Taka 144.00 respectively.

Chittagong Cement gained Taka .026 to Taka 143.00.

Pharmaco, 5th ICB Mutual Fund, 6th ICB Mutual Fund and Tallu Spinning declined within the range between Taka 0.22 and Taka 1.00.

Quoted Prices of Traded Stocks

May-22 *FV/ML Closing **Changes 5th ICB M.Fund 100/10 123.00 8th ICB M.Fund 90.75 (0.23)100/10 Engineering Atlas Bangladesh 10/50 38.00 unchanged Eastern Cables 78.00 unchanged Food &Allied Dhaka Vegetable 100/5 144.00 (+1.00) Pharma & Chem Bestimco Pharma 100/5 178.00 (+2.00) 100/5 (+1.47)39.00 Pharmaco 100/5 100/10 115.78 (-0.22) Chittagong Cement 100/5 143.00 1000/1 1035.00 unchanged 1200/1 1210.00 unchanged 1714/1 1730.00 unchanged *FV=Face Value, ML=Market Lot ** Changes : Plus signs mean gain

and (-) signs losses.

4 Gains

It said, many of the public sector industrial projects under the three-year rolling investment programme are unlikely to receive donor financing in the future because the inclusion of such projects "undermines the integrity of the planning process as a useful exercise".

"Moreover, to the extent that the allocations for sectors with higher priority invest ments have been reduced (such as the energy sector). this approach could be very costly to the government by delaying the preparation and subsequent implementation of important projects," it observed.

Two of the largest projects in the three-year investment programme are Jamuna Fertiliser Project (estimated cost of Taka 11.50 billion) which is expected to be completed in 1991-92 and the KAFCO joint venture designed to produce urea for export for the government's which equity contribution is estimated at Taka 1.25 billion out of a total cost of Taka 13.50

The programme also includes a new fertiliser project starting in 1991-92 to con-

struct a 100,000 metric ton urea factory at an estimated cost of Taka 2.40 billion and TSP complex in Khulna beginning in 1992-93 at an estimated cost of Taka 2.56 billion, as well as capacity expansion for the the existing TSP production capacity at Chittagong involving an investment

of Taka 87 million. About the proposed 100,000 metric ton urea fertiliser project, the Bank said that such plants, like the Polash factory, demonstrated that they were uneconomic at this scale of operations and resulted in very high variable costs per ton is borne out by past experiences. "The government should therefore consider deferring this project, even if it is available on attractive donor-financing terms," the Bank noted.

Likewise, there is no justification for an additional TSP plant at Khulna because a number of studies have determined, that TSP production at Chittagong plant "is barely viable on a sunk cost basis", according to the Bank.

The three-year investment programme includes establishment of four new paper mills, four new cement

Star Economic Report

plants. The Bank says there does not appear to be justification for such projects in view of the pervasive problem of inadequate raw materials and other constraints on raw mate-

Most of the proposed projects in chemical industries sector do not have a clear strategic justification in the public sector when Bangladesh Chemical Industries Corporation (BCIC) is having problems with its existing chemical facilities, the Bank felt. It noted in this context that Chittagong Chemical Complex produces at an average exfactory price about three times the level prevailing in India as well as is experiencing severe pollution problem.

About the projects in steel and engineering sector under the three-year investment programme, the Bank noted that some of such projects had demonstrated to uneconomical. It mentioned about proposed rehabilitation of Chittagong Steel Mills in this connection.

Other projects such as Sponge Iron Project and BP Manufacturing Sheet (estimated cost of Taka 5.80 billion) are presumed uneconomic and have little justification in a situation of tight resource constraints, the the Bank said.

The proposal for undertaking projects like Sponge Iron Project with an estimated cost Taka 10 billion under selffinancing programmes of Bangladesh Steel and Engineering Corporation (BSEC) is according to the Bank, unsound because poor financial performance of most BSEC enterprises and its profits at only Taka one million in 1988-89 on aggregate sales of Taka 4.10 billion. The three-year investment programme includes eight projects for BSEC with an estimated cost in excess of Taka 100 million.

vestment in jute, textiles and sugar industries, the Bank expressed its strong reservations. These industries face chronic problems of poor financial viability and excess capacity, and the rationale for additional public sector investment, except in connection with well-defined programmes to restructure and privatise the enterprises, is not evident, the Bank said.

About proposed public in-

The three-year investment programme includes projects for rehabilitation of a number of jute, textile and sugar mills, in addition to establishment of a new sugar mill. Without ef fective reforms programme in these sectors, the rehabilita tion and other projects will prove to be of no use, according to the Bank. Many of these projects should be deferred for

the foreseeable future, it said.

The Bank also suggested that a variety of public investments in industries sector un der the three-year rolling plan would need to be justified in greater detail. The projects included :(1) Mirpur Benarashi Sericulture Estate with an estimated cost of Taka 280 million all of which would be locally financed, (2) the Dhaka Export Processing Zone with an estimated cost of Taka 550 million and (3) programmes, to be implemented by Bangladesh Small and Cottage Industries Corporation (BSCIC) with a total estimated cost of

The three-year rolling investment plan, to recall, was circulated to the donors in January last. It was drawn up by the Planning Commission to

Taka 2.63 billion.

indicate priorities for development projects within a clear strategic framework in consistency with a realistic projection of the physical and financial resources available to support "efficient implementation."

The initial version of the overall programme was prepared in September 1990. But it was recognised later that the

investment programme would be difficult to achieve. Then a smaller "core" programme was prepared based on resources envelope, about 10 per cent smaller than the earlier one.

This "core" programme was completed early November, prior to the mid-term review meeting of the donors in Dhaka.

This programme was subsequently reviewed with the sectoral ministries and a revised version with an overall investment outlay of Taka 189.23 billion at 1990-91 constant prices was approved by the Executive Committee of National Economic Council (ECNEC) before its circulation to the donors on January 21,1991. Since then, it has not been reviewed further.

Algeria sets up Islamic bank

ALGIERS, May 22 : Algeria has set up its first bank functioning according to Islamic Principles and providing interest-free loans to customers, it was announced here, reports

The El Baraka Bank founded on a 50-50 basis by the Algerian Bank for Rural Development (BADR) and the group El Baraka International, is a private venture.

Japan offers \$ 70m pledge for Nicaragua

TOKYO, May 22: Japan will offer 70 million Dollars toward a larger fund to help Nicaragua clear its foreign bank debts, Foreign Ministry spokesman Taizo Watanabe, reports Reuter.

Watanbe said the government approved the 70 million Dollars pledge made by Japanese delegates at the Paris club meeting of Aid donor na tions in France may 16-17.

A total 14 countries pledged 360 million Dollars for Nicaragua, to clear appears owed to the World Bank and the Inter-American Development Bank and to allow it to resume borrowing from the two bodies to rebuild its battered economy .

Pakistan rises exchange risk facility rates

KARACHI, May 22 : The State Bank of Pakistan said it had increased its exchange risk coverage facility rates for three hard currencies with immediate effect, reports Reuter.

The rates have been rised to 6.00 per cent per annum from 5.80 for the yen, to 6.75 per cent from 6.44 per cent for the Swiss Franc and to 5.44 per cent from 5.25 per cent for the Dollar.

Rates for Sterling and the Mark remained unchanged at 5.00 per cent per annum. The facility protects local

exporters and importers against big fluctuations in exchange rates.

Bush, Kohl to talk interest rates

WASHINGTON, May 22 President Bush will discuss economics and interest rates with visiting German Chancel lor Helmut Kohl, White House Spokesman Marlin Fitzwater said, reports Reuter.

Bush was to meet Kohl in the White House Monday afternoon.

"I'm sure they'll discuss economies and the interest rate situation," Fitzwater said at a White House briefing. But he did not specifically say whether Bush would urge Kohl to press the German central bank to lower interest rates.

Beijing working on readmission to GATT

has set up a research institute to study international trade to pave the way for the country's readmission to GATT, an offi-Tuesday, reports AFP.

ing ceremony Monday to provide "concrete help" to the

Japan estimated as top creditor nation in '90

TOKYO, May 22: Japan is estimated to have retained its position as the world's largest creditor nation in calendar 1990, the Ministry of Finance (MOF) said, reports Reuter.

Japan's net overseas holdings - the balance between assets and debts it holds abroad hit a record 328.1 billion dollars in public and private assets at end-1990, up 11.9 per cent from the previous year's record 293.2 billion dollars. No credit debt figures for

other nations are available yet for the whole of 1990, a MOF official said. Close behind Japan was the

former West Germany, estimated by the MOF to have net foreign assets of some 300 billion dollars at end-June 1990. It is believed to have had assets close to Japan's 328 billion dollars by end-1990, the MOF official said.

Price Barometer:

Essentials

RICE

Brinjal

Karolla

Lalshak

FISH

Katla(big)

PULSES

Moogh

Khesani

MEAT

Mutton

Coconut(Colombo)

Vegetable Ghee

Turmeric(Round)

Cinnamon* (10gms)

MISCELLANEOUS

Source: Department of Agricultural Marketing

Cardamom* (large)

Green chillies

Jhira (50gms)

(Long)

SPICES

Onion

Chillies

Hilsha

Amen(fine)

Aman (Very fine)

VEGETABLES

Green Banana (Four Pieces)

OTHER FOODGRAIN

Potato(White)

Lady's finger

May-22

(Taka per kg)

16.50-17.00

14.00-14.50

14.00-14.50

13.00-13.50

3.75-4.00

12.00-16.00

10.00-12.00

10,00-12.00

6,00-8.00

6.00-8.00

5.00-8.00

(Taka per kg)

12.00-14.00

10.00-11.00

18.00-20.00

(Taka per kg)

120.00-150.00

100.00-110.00

110.00-120.00

90.00-110.00

70.00-80.00

80.00-110.00

30.00-32.00

26.00-28.00

28.00-30.00

22.00-24.00

24.00-26.00

16.00-18.00

55.00-60.00

80.00-90.00

52.00-56.00

36.00-37.00

66.00-70.00

50.00-52.00

14.00-16.00

36.00-44.00

55.00-60.00

42.00-48.00

42.00-48.00

16.00-20.00

20.00-24.00

3.00-3.50

3.50-4.00

7.00-7.50

220,00-240.00

126 Unchanged

27.00-28.00

18.00-25.00

(Taka)

(Taka Per kg)

(Taka per kg)

(Taka per Litre)

(Taka per kg)

55.00-60.--

8.00-8.50

(Taka per kg)

The United States had net external debt of 663.7 billion dollars at the end of 1989 against 532.5 billion a year before, MOF data show. Figures for 1990 were not available. Japan's overseas debt

Oil producers, consumers to meet July 1

reached a record 1.53 trillion

PARIS, May 22: Around 20 oil producing and consuming countries are to meet in Paris on July 1 and 2, the French Foreign Ministry said in a statement, reports Reuter.

The talks, organised by France and Venezuela, were signalled just over a week ago by Venezuelan President Carlos Andres Perez and confirmed by France, but no date had been fixed.

dollars at end-1990, up 3.5 per cent from 1.48, trillion a year earlier. But it was outpaced by growth in overseas assets, which grew 4.9 per cent to hit a high of 1.86 trillion dollars from 1.77 trillion

Japan boosted foreign assets mostly in direct investment and securities holdings by private companies.

Declines in assets were seen in loans, which stemmed from tight credit by Japanese firms and increased collection of credits in that year, the MOF official said.

On the other side of the 1990 balance sheet, Japan held a record 39 billion dollars in debt in private-sector loans because of active borrowings by issuing securities overseas.

Japan has been the top creditor nation since 1985. when it had net foreign assets of 129 billion dollars.

EC to grant duty free status to Fijian tuna, Garment exports

SUVA, May 22: Fiji's tuna and garment exports can enter the European Community (EC) duty free for five years, EC's delegate here Nikolas Alexandrakis said Tuesday, reports

statement that Fiji was allowed preferential access into the EC for two of its fledging exports under the five-year Lome IV Convention. Under the new arrange-

Alexandrakis said in a

ment, Fiji can export annually 750,000 garments, 500 tonnes of tuna until 1992 and up to 1500 tonnes of the fish between 1992-96, he said.

Fiji trade officials welcomed the move, saying it had come at a time when garment exports to Australia and New Zealand were restrained because of policy changes in those two countries.



American poet Carolyne Wright gives a reading at a recent International Poetry Festival dedicated to the cyclone-affected people of Bangladesh. The programme, held at the Shilpakala Academy.

Low commodity price causes LDCs' debt

MOSCOW, May 22: The basic problem behind the debt difficulties of poor countries is weak commodity prices, UNC-TAD Secretary General Kenneth K S Dadzie said here yesterday, reports AFP.

He told a round table on international commodity policies that the international community had sought solutions to the debt problem but had not given similar attention to depressed commodity prices.

The meeting was organised by the United Nations Conference on Trade and Development (UNCTAD) and by the Soviet Foreign Trade Ministry.

Scheduled to last until Friday, it was attended by producing and consuming countries to prepare for the eight UNC-TAD conference.

G-7 framework for cooperation remains intact

NEW YORK, May 22: The framework for cooperation by the Group of Seven (G-7) nations remains intact, despite recent discord over interest rates, economists said, reports Reuter.

They said the G-7 remains able to coordinate responses to economic crisis. "I would dismiss the claim that things have fallen apart (in the G-7) There is still quite a bit within their reach," said Lars Pedersen, an economist at First Boston Corp.

The recent conflict stemmed from US efforts for a G-7 agreement to cut interest rates worldwide.

At the G-7 ministerial meeting last month, several nations, most notably Germany, balked at the US proposal. But the discord reflected a poor idea by the US Treasury Department rather than catastrophe for the G-7, analysts said.

"The G-7 meeting was not a blow to policy coordination. There was failure of an inappropriate measure by the US, said Peter Kenen, Professor of Economics at Princeton University. "Coordination doesn't always mean everyone goes in the direction. It often requires appropriate differentiation of

The aim was to find new ideas and lasting solutions linking development and sup-

port for raw materials prices. These problems could no be solved by national policies alone, but rather by the coherence of national policies to preserve the environment and to ensure adequate food production, UNCTAD said.

For both producers and consumers the situation was becoming increasingly complex because of falling demand and changing consumer taste, while production had continued to increase without taking account of market demand.

Concentration of distribution networks had caused monopolistic situations on some markets where producers were proliferating, but UNCTAD said that new opportunities were to be found in the opening of new markets in Central and Eastern Europe.

UNCTAD said that these problems should be examined in the context of new concerns. In the Northern hemisphere there was a concern to balance production and protection of the environment, while in the Southern hemi sphere it was necessary to end poverty while protecting the ecological balance.

Japan cold-shoulders East Asian Group

TOKYO, May 22: Japanese Prime Minister Toshiki Kaifu Tuesday cold-shouldered a proposal by his Malaysian counterpart Mahathir Mohamad for the creation of an East Asian Economic Group, reports AFP.

"At a time when we are trying to build a free trade system, we shouldn't create problems and misunderstandings with the aimless establishment of lots of small groups," Kaifu said in a speech at a private fo-

He added, "some may criticize me for taking a cool and impassive approach toward the East Asia Economic Group (EAEG), but I am thinking from a global perspective, one that will benefit Asia."

In the speech, carried by the Kyodo News Agency, the Premier also said Asian economics had prospered in large part due to their trade with the United States and it was in Asia's interest to maintain free

The concept of EAEG, which Malaysian officials says would not be a trade bloc but a con-

sultative group, was opposed by the United States, Japan's main trading partner, as a scheme which would diminish the existing trade forums in the region. When Kaifu visited Kuala

Lumpur last month, Dr Ma-

hathir told him the EAEG

would enhance free trade. The Japanese Premier said he needed time to ponder the concept. Reuter adds: Japan's economy remains robust, although its growth pace is slowing, and

prices still need monitoring.

Finance Minister Ryutaro

Hashimoto said.

"In general, the economy is continuing to follow its autonomous expansion," he said in a speech to the annual convention of credit unions. He said domestic prices remain generally stale, but vigilance is still needed on future price movements.

To ensure sustained, noninflationary economic growth, Japan will manage its fiscal and monetary policy appropri ately and flexibly by watching various conditions at home and

abroad. Bank of Japan (BOJ) Government Yasushi Mieno, told the convention "Given the firmness in capital investment and consumer spending, the odds are slight that the economy will suffer a major downturn," he told in a meeting of credit unions.

He also said upward pressure on Japanese prices is still strong, and future price movements bear careful watch-

Exchange Rates May-22

SELLING AND BUYING RATES, offered by Commercials Banks, for Bank Cheques. (BCs) and

Overseas Drafts (ODs) One Unit of Foreign Currencies (FCs) for Taka Buying Selling 35.4432 35.9226 US Dollar 60.8973 UK Pound Sterling 20.7465 20.7578 German Deutsche 6.1223 French Franc

9.4819 9.6101 Saudt Riyal 18 1574 **Dutch Guilders** 18.4216 Pakistan Rupee 1.5012 (AMU*) 20.3435 20.0720 Singapore Dollar 9.8141 **UAE** Dirham Kuwait Dinar Indian Rupee 1.7157 1.7323 55.7898 S. Kroner *AMU-Asian Monetary Union SECONDARY EXCHANGE MARKET

Buying

6,300.00

63.37 UK Pound . The rates of Pound Sterling are decided every day, based on the crossrates of New York market Source: Sonall Bank

Wage Earners Fund/ Export

Performance Benefit

Gold & Silver

US Dollar

Guinea

(Taka for 11.66 grams)

Source: Department of Agricultural Marketing

Hides & Skin

(Wet/Salted) May-22 (Taka per 100 pieces)

5,500.00 - 6,000.00

2,800.00 -- 3,000.00

8,500.00 -- 9,000.00

55,000.00 -- 56,000.00

May-22

10,000.00 - 12,000.00 30,000.00 - 32,000.00 35,000.00 - 40,000.00 50,000.00 -- 52,000.00 55,000.00 - 60,000.00 18,000.00 - 22,000.00 Goat 12,000.00 - 13,000.00 heavy

Source Department of Agricultural Marketing

Mahbubur Rahman, President, Dhaka Chamber of Commerce & Industry (DCCI) along specific recommendations of DCCI.

with members of the Board of Directors held a meeting with the Minister of Finance and Planning M. Saifur Rahman on Tuesday at the Ministry of Planning. They discussed various issues on fiscal policy, industrial policy support, operation of banking system and

BEIJING, May 22 : China

cial press report said here Arthur Dunkel, Director-General of the General Agreement on Tartffs and Trade (GATT), pledged at the open-

GATT research institute of the capital's University of International Business and Economics, the China Daily reported. Dunkel is the highest

ranking GATT official to visit China since 1987. Talks on China's reentry into GATT. which groups 101 nations and territories, have been going on since 1986 with little progress.

Dhaka Stock Exchange Market Profile May - 22 134 Listed stocks

126 Unchanged stocks include five traded on the day at their previous quoted prices. DSE All Share Price Index = 344.5445 Issued Capital=Taka 10,146,289,601.00

4 Losers

Market Capitalisation = 9,845,448,944 Turnover = 1,34,230.00(Value) 879(Volume).