

# Expenditure on education, savings to push LDCs ahead

Star Economic Report

The gap in living standards between rich and poor countries could be cut in half in 35 years if education expenditures and saving were raised and population growth slowed, a recent study published by the Washington-based National Bureau of Economic Research said.

## Call money market

Star Economic Report

Money rates in the Call money market during the week ending on July 10 ranged from 10.25 per cent to 11.00 per cent. During the same week interest rates offered by the bank on Certificate of Deposits varied from 10.00 per cent to 14.25 per cent, says a Bangladesh Bank press release.

The bank rate, however, remained unchanged at 9.75 per cent. Meanwhile, another Bangladesh Bank press release said that smuggled gold worth Taka 82.55 lakh were deposited with the Bank in June. This volume included 13,064.40 gram of gold bars, 1,685.40 gram of pure gold and 628.70 gram of mixed gold or ornaments seized by different agencies of the government during the month.

## Sharp rise in share trading

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The week ended at Dhaka bourse on Thursday with a sharp rise in trading.

In all 9,841 shares and debentures changed hands compared with Wednesday's 1,252. Traded issues valued Taka 3,24,986.00 on Wednesday's Taka 1,00,875.00.

Decliners dominated trading. And the Composite Index of Dhaka Stock Exchange (DSE) lost to 306,605.9 points from Wednesday's 306,739.8. Index is the broad indicator of price movements of all the listed stocks.

Transactions involved twenty-five stocks. Of them nine lost, eight gained and eight remained unchanged at their previous quoted prices.

Dulamia Cotton and Aroma Tea declined Taka 12.00 and Taka 4.00 to Taka 88.00 and Taka 50.00 respectively.

Atlas Bangladesh, Bangladesh Autocars, Eastern Cables, Quasem Drycells, Dhaka Vegetable, Tallu Spinning and G. Q. Ball Pen lost within the range between Taka 0.14 and Taka 1.00.

Bextimo Pharma, the lone traded debenture, moved up Taka 15.00 to Taka 155.00.

I. F. I. C. Bank and Howlader PVC gained Taka 1.57 and Taka 1.50 to Taka 190.00 and Taka 101.50.

Green Delta Insurance, Karim Pipe, Sonali Ansh, Zeal Bangla Sugar and Rahim Textile advanced within the range between Taka 0.15 and Taka 1.00.

## Quoted Prices of Traded Stocks

Table with columns: Stock Name, Price, Change. Includes items like I.F.I.C., National Bank, 4th ICB M. Fund, etc.

Changes: + Plus signs mean gain and (-) signs losses.

## Dhaka Stock Exchange Market Profile

July - 11

134 Listed Stocks  
8 Gains, 9 losers, 117 Unchanged

117 Unchanged stocks include eight traded on the day at its previous quoted prices. DSE All Share Price Index = 306,605.9. Issued Capital = Taka 5,439,680,590. Market Capitalisation = 8,761,343,495. Turnover = Taka 3,24,986.00 (Value) 9,841 (Volume).

# Soviet laws to attract foreign capital okayed

MOSCOW, July 11: The Soviet Parliament approved a series of laws on Wednesday aimed at improving the investment climate and attracting foreign capital, reports Reuters.

The laws include tax cuts for business, anti-trust measures and rules governing fledgling financial markets.

President Mikhail Gorbachev's Perestroika reforms have been gathering pace ahead of a meeting next week with leaders of the Group of Seven major industrial nations.

After months of wrangling over how to replace the old central planning system with a market economy, parliament has recently adopted several major economic reforms, including landmark privatisation and foreign investment bills.

# SBC pays Tk 8.64 cr claims to four CEPZ industries

S Y Bakht

Shadharan Bima Corporation (SBC) made a partial payment of about Taka 8.64 crore, in local and foreign currency, in cyclone and flood damage claims to four industrial units at the Chittagong Export Processing Zone (CEPZ) last week.

According to corporation sources, the partial payments were made following recommendations by an independent surveyor authorised by the Controller of Insurance, for making a preliminary assessment report.

The provisional payments on the claims made by the SBC will be adjusted after the final assessment reports are submitted. The final report on damage claims due to the recent devastating cyclone and tidal wave in CEPZ industrial units is likely to be submitted soon.

The partial payments to three of the companies were

made in foreign currency totalling 19 lakh 85 thousand US Dollar and the payment for one was made in local currency.

Out of the four industrial units at the CEPZ which were recommended for provisional partial payments of claims against damages, one was insured by SBC and the other three were insured by local private insurance companies. SBC made the payments as reinsurers for the latter three units.

Insured by SBC, Messrs Univogue Garments Ltd., received a partial payment of 7 lakh US Dollar. SBC also made direct partial payments, as reinsurers, to Messrs Regency Garments Ltd. and Olympique Mi Ltd. amounting to 7 lakh US Dollar and 6 lakh 85 thousand US Dollar respectively.

Another partial payment of Taka 1.5 crore was made to the local insurers of Messrs Siam Superior Ltd. by the

Corporation as reinsurance claim payment.

In total, 57 industrial units in the Chittagong region filed damage claims with SBC, sources said. The insurance policies of these units were directly underwritten by SBC and had comprehensive coverage including cyclone and flood damages, the sources added.

Insurance sources said that out of about 38 industrial units at the CEPZ only five were reported to have been covered under cyclone and flood insurance policies. Of which, four were insured locally and one unit was insured by a foreign insurance company.

Insurance industry sources also pointed out that a large number of the industrial units in the region were not covered by cyclone and flood insurance policies and many others were under-insured.

## Snippets

### Iraq asks UN body to allow oil sale

UNITED NATIONS, July 11: Iraq has asked the UN Sanctions Committee to let it sell 1.5 billion Dollars on oil, saying severe food and medical shortages caused the deaths of 6,000 children and threatened another 1,70,000, reports Reuters.

The continued state of blockage and boycott and the freezing of Iraqi funds are inevitably creating a human catastrophe, Iraqi Foreign Minister Ahmed Hussein said in a letter to the Security Council's Sanctions Committee.

Hussein also listed requirements for agricultural seeds and implements he said were urgently needed to revive the country's falling crops that were destroyed by the war and its aftermath.

### Egypt to receive \$8 b aid

PARIS, July 11: Egypt has been promised foreign aid of more than eight billion Dollars from 30 countries and international institutions over the next two years for its economic reforms programme, the World Bank said Wednesday, reports AFP.

"Egypt can count for the next two years on external assistance flows of about four billion US Dollars on average per annum," the Bank said in a statement after a two-day meeting of its Egypt consultative group, which ended Tuesday.

### Major oil discovery in Islamabad

ISLAMABAD, July 11: A second major oil discovery near here in less than two weeks was announced Wednesday by Pakistani Minister for Petroleum and Natural Resources Chaudhury Nisar Ali Khan, reports AFP.

The oil well at Pindot was drilled to a depth of 4.2 kilometres (13,900 feet) and could yield up to 6,000 barrel of oil and 18 million cubic feet of gas daily, he told a press conference.

Another oil deposit with an estimated capacity of 7,000 barrels a day was discovered June 27, in the same area at Missa Kiswal about 50 kilometres (31 miles) south of here.

### Copyright, trademark laws in UAE soon

ABU DHABI, July 11: Officials from the United Arab Emirates (UAE) have assured a US team that they will strictly enforce copyright and trademark laws now being prepared, a US trade official said, reports AFP.

"There's a real consciousness of the problem and a willingness to do something about it," said Michael Browning, Director for Mediterranean and Middle Eastern Affairs at the US trade representative office.

He was speaking to reporters in Dubai where he briefed American businessmen on Tuesday on the outcome of his talks with government and trade officials in the UAE.

"The UAE is keen to have federal protection," Browning said. "They are hard at work on new trademark, copyright and framework laws."

### Algeria faces worst economic crisis

ALGERIA, July 11: Algeria is facing its worst economic crisis ever, Prime Minister Ahmed Ghozali told parliament on Tuesday, but ruled out debt rescheduling as a way out of the morass, reports AFP.

Algeria's foreign debt currently totals some 25 billion Dollars, or more than double the country's 1990 export revenue of 12 billion Dollars, and Algeria has not met repayments scheduled for June.

Ghozali on Tuesday gave no figures on the extent of the problem, but said Algeria "faces the worst financial crisis in its existence."

### Brazil to start oil exports

RIO DE JANEIRO, July 11: Brazil will start exporting 100,000 barrels of crude oil a day in the second half of the year - Brazilian oil company (Petrobras) Director Mauricio Alvarenga said yesterday, reports Xinhua.

This is the first time that Petrobras sells such a large amount of petroleum, since the company traditionally exported only oil derivatives.

Brazil needs to import petroleum since its oil production is about 700,000 barrels a day, while domestic consuming totals 1.2 million barrels.

The country extract heavy crude from its offshore facilities near the state of Rio de Janeiro. But it needs light crudes to produce fuels like gasoline.

# Tea sales fall in 9 auctions

From Nurul Alam

CHITTAGONG, July 11: Total tea sales in the first nine auctions of the season recorded a fall compared with corresponding auctions of the previous season.

According to market reports, a total of 5,261 million kg tea were sold in the last nine auctions of the current season as against 5,906 million kg during the corresponding auctions of the previous season showing drop in sale by 0.645 million kg.

Tea Board and tea Broker sources attributed the drop in sales to inclement weather which disrupted supplies from gardens to auction markets. A number of tea gardens from Sylhet could not go for marketing the produce in the last auctions because of monsoon rains and other communication snags, said a

Tea Board official. Besides, most tea gardens in Chittagong failed to go for normal crop harvests as those gardens were badly ravaged by the April 29 cyclone. The loss due to cyclone stood at about Taka ten crore. Tea Board sources stated. Twenty three tea gardens are located in Chittagong alone and the rest of the 133 gardens are in Sylhet.

The prices, however, improved during the current season compared with previous season. The export enquires are also on the rise with the participation of some traditional foreign buyers from Soviet Union and Egypt. Iranian buyers fairly took part in the auctions held here so far.

According to Tea Board and

broker sources, the average price in the recent auctions was recorded at Taka 51.00, up from Taka 49.00 in corresponding sales in last season. Tea trade circles here expect the prices to go up further in the coming months.

Brokers said the tea trade is gradually picking up with demand rising. Meanwhile, next weekly auction sale (sale No-11) will be held on July 16. Total offering in the sale will comprise of about 17,000 packages leaf and 3,000 packages dust.

At the auction sale (number-10) held on Tuesday last, 15,061 packages leaf alongwith 511 packages of old seasons tea were on offer.

Brokers said, catalogue for weekly auction sale (number-13) closed on July 2. The auction will be held on July 24.



HONG KONG (Files): File photo shows work going on the proposed new airport site at Chep Lap Kok. Britain and China announced an agreement on the controversial multi-billion dollar airport project ending a long and bit dispute. Beijing's approval is crucial, due to China's pending takeover of the territory in 1997, to attract the necessary financing for the project. - AFP photo

# VAT on rubber, plastic goods protested

Star Economic Report

Owners and workers of different rubber and plastic goods manufacturing industries staged a demonstration in front of the National Press Club Thursday protesting imposition of Value Added Tax (VAT) on their industrial units.

The demonstration was held as part of a joint programme of Bangladesh Rubber Manufacturers Association, Plastic Shoe Manufacturers Association, Plastic Pen Manufacturers Association, Polythene Bag Manufacturers Association, and Plastic Toys Manufacturers Association in demand of immediate withdrawal of VAT on these industries.

Shops selling rubber and plastic goods, remained closed

on the day. The industrial units in the related sectors were closed earlier following imposition of the VAT. After the protest programme, leaders of the associations submitted a memorandum at the office of National Board of Revenue (NBR) demanding acceptance of their demand failing which they warned a greater movement would be launched to realise the demand.

Addressing the demonstrators, the association leaders said government's decision to exempt VAT from some items had confused them. Prices of their manufactured items would markedly go up, affecting the low income groups who were main buyers of their products, they added which noting that the imposition of VAT would also cause a deep crisis in the sector. Most industries will be forced to close down with thousand of workers becoming unemployed, they feared.

Hundreds of workers of the industries carrying banners and placards, brought out a procession which paraded the main city thoroughfares. The processionists chanted various slogans in favour of their demands.

## US trade negotiators unimpressed

GENEVA, July 11: US trade negotiators were unimpressed Wednesday by radical reforms of the European community's agricultural policy, saying they were unlikely to be finalised before the end of current multilateral trade talks, reports AFP.

Replying to a question from Shah Mohammad Rafiqul Bari Chowdhury (JP-Serpur) the Shipping Minister said, the trade deficit of Bangladesh in 1972-73 to 1990-91 (February) fiscal years, reports BSS.

The Minister said, the trade deficit of the present fiscal up to February last was Taka 3,548.04.

Anwar told the Sangsad that the government has taken a number of measures to narrow down the trade deficit of the country. Among others, he said, measures were being taken to cut down the import expenditure on unproductive heads and necessary incentives were being given to the exporters through proper policy to increase export volume to bridge down the gap between export and import.

The Commerce Minister gave the following yearwise break up of the trade deficit of the country.

## Dhaka to get \$19 m IDB loan

JEDDAH, July 11: The Islamic Development Bank (IDB) announced Wednesday it was extending interest-free loans, amounting to 19 million US Dollar to Bangladesh to import oil from Saudi Arabia or the United Arab Emirates (UAE) and cotton from Sudan or Pakistan, reports AP.

The Jeddah-based bank is an affiliate of the 45-member Organisation of Islamic Conference.

Besides Bangladesh, the IDB announced trade financing loans to several other Islamic countries on Wednesday.

## 2,96,981 cars imported in 14 years

Bangladesh had imported a total of 2,96,981 cars during last 14 years, from 1976 to 1990, of which a total of 1,53,560 cars were imported during 1989-90 alone, said Shipping Minister MK Anwar Wednesday, reports BSS.

Giving the figures in the Jatiya Sangsad, Shipping Minister MK Anwar, who replied on behalf of Commerce Minister, said during last 14 years the country had imported a total of 16,221 trucks, truck engines and chassis. The highest number of such items, a total of 2,790, had been imported during 1980-81.

About the import of bus, bus engines and chassis, MK Anwar informed the House that a total of 47,964 such items had been imported during the said period. The highest number of bus and bus engines were imported in 1987-88, when the import figure was 36,722.

# UAE affiliate wants to quit BCCI group

ABU DHABI, July 11: The United Arab Emirates (UAE) affiliate of the scandal-hit Bank of Credit and Commerce International (BCCI) has said it wants to quit the holding group and become a wholly locally-owned institution, reports AFP.

The Board of the Bank of Credit and Commerce Emirates (BCEE) has also decided to change the bank's KME and consider as void its management contract with the BCCI, the Chairman of the UAE affiliate said after an annual general meeting which ended late Thursday night.

The BCCI had its banking operations shut down by several major central banks on Friday, amid allegations of fraud and money laundering.

The BCCI holding company has a 40 per cent state is BCEE.

BCEE Chairman Sheikh Nahyan Bin Mubarak Al Nahyan told a press conference that under UAE stock trading rules BCCI holdings could sell its BCEE shares only to UAE shareholders.

The family of UAE President Sheikh Zayed Bin Sultan Al Nahyan, the ruler of Abu Dhabi, and other local investors own 77.4 per cent of the BCCI holding.

Sheikh Nahyan said the BCEE Board had agreed to seek to turn the bank into wholly locally-owned institution.

"The 40 per cent (BCCI) share will not affect our operations," he said. "If BCCI wishes to sell them it is obliged to sell them within the UAE and to UAE nations."

The Luxembourg-based

BCCI has losses estimated at four billion dollars. But Sheikh Nahyan said that the "BCEE is not infected with any of the problems that are now affecting BCCI".

BCEE could be owed as little as 10 million dollars by the BCCI, he said, adding that his bank had a 200 million dollar placement with BCCI but this was secured by a promissory note from the Abu Dhabi government.

Aside from this, the BCCI owed the BCEE 60 million dollars while the BCEE "owed BCCI 20 million dollars".

Yehk Nahyan said clarification was needed on a 30 million dollar payment by BCCI into BCEE on Friday just before the global seizure occurred.

He said the board had considered as invalid a contract under which BCEE has been managed by BCCI.

"The management agreement we had with BCCI is cancelled and now we are on our own and going or our own management," he said.

In a desire to disassociate itself as soon as possible from the BCCI group Sheikh Nahyan said the BCEE Directors had decided to pick another name for the bank.

The BCEE is also considering the possibility of appointing new auditors. Banking sources said current auditors price waterhouse were unlikely to be reappointed since they had come under heavy criticism.

## Private investors' confce in Pakistan

WASHINGTON, July 11: Pakistan and the World Bank joined Wednesday to invite private investors to examine business opportunities in Pakistan, reports AP.

The announcement was made by the Multilateral Investment Guarantee Agency (MIGA), which the bank set up to encourage private investment by insuring it against loss from war, expropriation and other risks.

Mohammed Mashudein, a member of the Government's Privatisation Committee, told a news conference it was putting 115 government-owned enterprises up for sale. He estimated their worth at 19 billion Rupees, about dlr 800 million.

## Egypt, Libya to sign energy accord soon

CAIRO, July 11: A final agreement on energy between Egypt and Libya will be signed in Cairo this month, "the Egyptian Gazette" reported today quoting Minister of Energy Mohamed Maher Abaza, reports Xinhua.

Abaza said the Secretary of the Libyan General People's Committee for Power will arrive in the Egyptian capital on July 28 to sign the agreement.

The power linkage between Egypt and Libya will help pool the power resources of the Arab Maghreb Arab countries which will boost Arab integration effort especially in the economic field, Abaza said.

# Mahathir unveils 5-year uplift plan

KUALA LUMPUR, July 11: Prime Minister Mahathir Mohamad on Wednesday unveiled Malaysia's 1991-1995 development plan featuring higher public spending to streamline the booming economy, improve infrastructure and strengthen defence, reports Reuters.

Mahathir told parliament the main thrust of the sixth Malaysia plan was to sustain and manage economic growth led by the private sector to help turn Malaysia into an industrialised country by the year 2020.

Under the plan, public spending will jump to 104 billion Ringgit (37.4 billion Dollars) from 61.85 billion Ringgit (22.2 billion Dollars) in the last five-year period.

Mahathir warned that despite higher government spending to ensure growth, labour shortages and rising

wages could threaten the economy of the country of 18 million people.

"Therefore, we are placing greater emphasis on human resource development, in particular the moulding of the attitudes of the younger generation as well as expanding educational and training facilities to meet the expanding skilled manpower needs of our growing economy," he said.

Led by a manufacturing boom, Malaysia has one of Asia's fastest-growing economies. As a short-term measure Malaysia will increase its intake of foreign labour to meet existing acute shortages, he said.

The sixth plan is the first of two five-year programmes under the 1991-2000 national development policy (NDP) unveiled by Mahathir last month.

The NDP, which stressed economic growth ahead of

wealth distribution along racial lines, replaced the controversial 1971-1990 new economic policy social-engineering programme introduced after riots between Malaysia and Chinese in 1969.

The federal government will spend 55 billion Ringgit (19.78 billion Dollars) over the next five years, largely on improving communications and transport, education, health and defence.

The report said that of total spending earmarked for 1991-1995, 19 billion Ringgit (6.83 billion Dollars) was for projects intake of foreign labour to meet existing acute shortages, he said.

Another Reuter report adds: Malaysia will quadruple defence spending in its new five-year economic plan to six billion Ringgit (2.16 billion Dollars), the government said on Wednesday.

The sixth Malaysia plan for 1991-95, submitted to parliament by Prime Minister

Mahathir Mohammad, allocates 11 per cent of the 55 billion Ringgit (19.78 billion Dollars) the federal government will spend on defence.

Under the previous 1986-90 plan, defence was given only 1.5 billion Ringgit (539 US), which was 4.2 per cent of total spending.

AFP adds from Kuala Lumpur: Malaysia forecast Wednesday substantial increases in production of palm oil cocoa proper and liquefied natural gas during the five years to 1995, but said that output of natural rubber and crude oil will remain virtually unchanged.

The sixth Malaysia plan (SMP), detailing government development targets for the 1991-95 period also forecast higher price levels for all commodity exports except crude oil liquefied natural gas and tin.

## Exchange Rates

Table with columns: Currency, Selling, Buying. Includes rates for US Dollar, UK Pound, French Franc, etc.