ports Reuter. But leaders of the G-7 will also urge the Soviet President not to ignore the democratic aspirations of breakaway republics and not to resort to

Leaders of the seven nation - the United States, Japan. Germany, France, Britain, Italy and Canada - reached agreement on the text of a declaration over dinner on Monday. the first day of their 17th annual economic summit.

In the statement, they will give "support for the process of fundamental reform" in the Soviet Union and back Gorbachev's attempts to create a union treaty regulating relations between the central governments and republics.

The statement is part of the G-7's political declaration, traditionally released on the second day of the annual summit.

Leaders, their finance ministers and foreign ministers are due to discuss the vexed question of now to help the Soviet Union economically over lunch on Tuesday in an effort to agree a position before meeting Gorbachev in person on Wednesday.

Reuter adds: Poland, **Hungary and Czechoslovakia** have appealed to the leading industrial states meeting in London not to forget their needs when discussing aid for the Soviet Union, British gov-

Sharp fall in

share trading

Star Economic Report

sharp fall in trading Tuesday.

terms went down to 3,066

from Monday's 14,522. Traded

issues valued Taka 2,17,027.25

compared with Monday's Taka

Decliners dominated trad-

ing. And the Composite Index

of Dhaka Stock Exchange

(DSE), which is the broad

indicator of price movements

of all the listed stocks, de

clined to 305.2121 points

tyeight stocks. Of them four-

teen lost, five gained and nine

remained unchanged at their

and IFIC Bank declined Taka

4.00 and Taka 3.00 to Taka

Tulip Datry lost Taka 2.00 each

to Taka 102.00 and Taka 92.00

Food declined Taka 1.90 and

Taka 1.42 to Taka 173.00 and

Mutual Fund, 6th ICB Mutual

Fund, Atlas Bangladesh,

Bangladesh Thai Aluminium,

Eastern Cables, Tallu Spinning

and Beximco lost within the

range between Taka 0.10 and

vanced Taka 2.00 to Taka

traded debenture, gained Taka

and Usmania Glass moved up

within the range between Taka

Quoted Prices of

Traded Stocks

July-16

1.50 to Taka 987.50.

0.25 and Taka 1.00.

Green Delta Insurance ad-

Apex Tannery, the lone

Aftab Automobiles, Oxygen

National Bank, 4th ICB

Transactions involved twen-

The 2nd ICB Mutual Fund

Bangladesh Autocars and

Beximeo Pharma and Bengal

from Monday's 305.4277.

previous quoted prices.

186.00 and Taka 187.00.

respectively.

Taka 150.00.

Taka 1.00.

108.00.

4.91,413.50.

Dhaka bourse witnessed a

Transactions in volume

G-7 agrees to support Soviet reforms

rnment officials said on They said leaders of the three former communist states

wrote to the Group of Seven leaders arguing for freer access to Western markets. The collapse of the Soviet economy had deprived the three countries of crucial trad-

ing markets, the leaders said. One official said British Prime Minister John Major told the opening session of the G-7 summit that it made no sense to provide substantial support for these countries

when we keep our own markets closed against the products where they have most ad-French officials said President Francois Mitterrand also urged the meeting to

make sure the smaller East European countries were not disadvantaged by any moves to help the Soviet Union. Japan, the world's biggest aid donor, is urging other ma-

for nations to use overseas aid to help reduce military spending, Japanese officials said on Monday. Tokyo will also take into account efforts by aid recipients

to promote democracy and in-

troduce market-oriented economies, besides basic human rights. Finance Ministers of the Group of Seven nations agreed in London on Monday to set up a system to monitor Soviet economic reform programmes,

The ministers also agreed to meet Soviet financial offi-

Japanese officials said.

ctals on Wednesday night to hear explanations about a letter sent to G-7 leaders by Soviet President Mikhail

Corbachev, they said. The heads of state and their foreign and finance ministers from the G-7 nations - the

end their annual meeting on Wednesday. The Japanese officials said the G-7 finance ministers remained undecided on how the monitoring system should function or who should be in

The Soviet union is aiming to set up a 10 to 12 billion Dollar Exchange Stabilization Fund to help make the Rouble convertible, Soviet Deputy Premier Economics Minister Viadimir Shcherbakov said Monday



LONDON: Group picture of the participants of the London Economic Summit (G-7) July 15. In the background from L-R: Jacques Delors, Guilio Andreotti, Toshiki Kaifu, Rund Lunbbers. In the front line from L-R: Helmut Kohl, Francois Mitterrand, John Major, George Bush, Brian Mulroney. -AFP photo

AFP reports from London

United States, Japan, Germany, Britain, France, Italy and Canada - opened a threeday meeting on Monday.

 Gorbachev seeking western aid to bail out the collapsing Soviet economy, is expected to meet G-7 leaders after they

Some ministers argued that the International Monetary Fund should head the monitoring system while others said the Organisation for Economic Cooperation and Development should be in charge.

AP reports from London: On the soviet Union, the draft political declaration of the summit expresses support for President Gorbachev's process of fundamental reform and welcomed the efforts

to create a new union based on consent not coercion' and the leaders resterate their "commitment to work with the Soviet Union to support its efforts to create and open society, a pluralistic society and a market economy," a British source said.

There was no mention in the political decidration of how the leaders propose to respond to Gorbachev's plan for economic reconstruction.

Another AP report from London says: At the G-7 summit. Soviet officials emphasised how badly Gorbachev needs help to turn around the Soviet economy. Some Western leaders stressed how unlikely he was to get it.

Germany remained Gorbachev's champion within the Group of Seven, with Chancellor Helmut Kohl arguing that it was important that Gorbachev not go home emptyhanded

The Japanese remained his greatest antagonist, opposed to any aid until the Soviets relinquish the northern islands taken in World War II.

"If you are talking about the kind of grand bargain mentioned before, that's not in the cards," US Treasury Secretary Nicholas Brady said Monday. He was referring to a suggestion of aid approaching Dollars 25 billion or more a year.

He said one item on which the United States and its economic allies likely could agree was bestowing on the Soviet Union an associate membership in the International

Monetary Fund giving it access to technical advice but not direct loans from that body.

Soviet officials said in London Monday that Gorbachev hopes to receive pledges from the west of at least Dollars 10 billion to set up a fund to help stabilize the ruble's valuable while it is made convertible.

AP farther adds from Washington: Moving toward worldwide accord on trade is more important for the London summit than the meeting with Soviet President Mikhatl S. Gorbachev, a leading scnator of President Bush's Republican Party said Monday.

Sen Richard G. Lugar said Bush's talks with French President Francois Mitterrand and German Chancellor Helmut Kohl are essential to prevent a failure of the round. France and Germany are key members of the European Community and reluctant to cut agricultural subsidies.

Four years of Uruguay Round negotiations among 108 governments are aimed at increasing world trade by hundreds of billions of dollars a year. Talks have been stalled by resistance of the 12 countries in the European Community to demands from the United States and others for big cuts in farm subsidies. These subsidies enable the Europeans to compete against them for sales in other countries.

Lugar said he would give priority in London both to the Uruguay Round and to the problems of Poland, Hungary and Czechoslovakia, which have lost markets for their farm products in the Soviet Union.

Snippets

Bankruptcies soar in Japan

TOKYO, July 16: The number of major bankrupteies in Japan soared to an all time high in the six months to June while the overall number of business failures jumped to a seven-year-high, Tetkhku Data Bank Ltd said Monday, reports

The Credit Neseanch Company also said the combined liabilities of all companies which failed during the period swelled almost four times from a year earlier to a record 1,426 billion Yen (26.5 billion Dollar).

The surge in liabilities which eclipsed the previous record of 2,168 billion Yen (15.8 billion Dollar) in the first half of 1986 largely reflected the failure of companies heavily exposed to the real estate market, it said.

Vietnam to set up new phone system

HANOI, July 16 : He Chi Minh City plans to set up Vietnam's first card-operated telephone system with the help of a Malaystan Company The Tuoi Tre newspaper reported Monday, says APP.

The Southern city's Post and Telecommunications Ser vice has reached an agreement with Sapura holding SDN BHD. which has already begun setting up the system on an experimental basis, the paper

Dollar closes mixed in New York NEW YORK, July 16: The

Dollar closed mixed Monday as traders displayed caution in the wake of massive, coordinated central bank intervention last week, reports AFP.

The Greenback rose to 136.80 Yen from Friday's close of 136.30, but slipped to .7865 German Marks from 1.7890. The Dollar traded at 6.0650

French Frances 0.6040 pounds sterling, and 1.5465 swiss francs.

Gold gained 1.35 Dollars to 369.10 Dollars an ounce.

Friday's interventions against the Dollar by several central banks cooled the market here, and traders were also awaiting the results of the three-day, summit of the worlds' seven leading industrial powers which began Monday in London.

OPEC output rises

NICOSIA. July 16: OPEC off production increased sharply in June to 23.1 million barrels a day, nearly 1 million barrels more than the previous month, the Middle East Economic Survey reported Monday, re-

ports AP. The respected oil industry newsletter said 700,000 barrels of the 900,000-barrel increase came from Saudi Arabia, where production reached 8.2 million barrels a day last month.

But Saudi sales of crude oil, on which Organization of Petroleum Exporting Countries (OPEC) quotas are based, remained more or less unchanged at around 8 million barrels a day, the newsletter

US production up

WASHINGTON, July 16: US industrial production rose 0.7 per cent in June, the government said Monday. It was the third straight advance and more evidence the manufacturing economy was continuing a modest recovery. reports AP.

The Federal Reserve report also showed output during the previous two months even stronger than first thought. After six consecutive declines, industrial production perked up a revised 0.5 in April, rather than the 0.3 per cent originally reported, and 0.7 per cent in May rather than 0.5 per cent.

"In June, output of motor vehicles, goods for the home, construction supplies and materials increased significantly,"

the report said. EC ministers debate

on farm reform

BRUSSELS, July 16 European Community (EC) agriculture ministers on Monday criticized an ambitious proposal to revamp the EC's farm policy, throwing doubt on prospects for a new world trade accord, reports AP.

"Most countries in Europe believe the reform proposals don't go the way they should go," British Agriculture Secretary John Gummer said just before the 12 ministers opened their two-day meeting.

If endorsed, the plan could revitalize the Uruguay Round of global trade talks. Those talks

VAT raises expenses in international hotels

Star Economic Report

Bangladeshi international hotels have turned out to be the costliest ones, in their comparable standard group in Asia and the Pacific region, for their in-coming guests, visitors and tourists, hotel and tourism sources in Dhaka said.

The recently-introduced Value Added Tax (VAT) and Supplementary Duty (SD), the same sources said, have inflated the cost of staying and all other ancillary charges for the hotel guests. This is an additional direct tax to "our guests", they said.

International Hotel Association of Bangladesh (IHAB) has already sent a representation to National Board

Private business with other states allowed in China

China has no objection to trade transactions between private businessmen of Taiwan and other countries, reports BSS on Tuesday.

This view was expressed by Chinese Premier Li Peng on Taiwan issue during his talks with Bangladesh Prime Minister Begum Khaleda Zia when she made an official visit recently to China.

The above position was stated in a press release issued by the Embassy of the People's Republic of China in Dhaka.

The release further said. China is "resolutely opposed to the establishment of official relations and exchange of any official or semi-official nature with Taiwan by countries having diplomatic relations with

Exchange Rates *FV/ML Closing **Changes

and and the		(Taka)	(Taka)	
Beake				ı
IFIC	100/5	187.00	(-3.00)	ı
National Bank			. 25	ı
	100/5	109.00	(1.00)	ı
Investment			#100×10072.1	П
2nd ICB M Fund	100/5	186.00	(-4.00)	ı
4th ICB M Fund	100/10	141.00	(-1.00)	ı
6th ICB M Fund	100/10	88.00	(-0.18)	ı
Imunace			# S	ı
BCIC	100/10		unchanged	ı
Green Delta	100/10	108.00	(+2.00)	ı
Engineering		170	* : : : :	ı
Aftab Automobiles	100/5	197.00	(+1.90)	ı
Atlas Bungladesh	10/50	39.35	とりするのでは、例のでは、動からい。	ı
Bungladesh Autocars	さいよう はっちょう はんしんごう	102.00	(-2.00)	ı
B That Aluminium	100/10	95.64	(-0.50)	ı
Eastern Cables	100/5	80,00	(-1.00)	L
Renwick Jayneswar Food & Allied	100/5	67,00	unchanged	ı
Bengal Food	100/5	150.00	(-1.42)	ı
Tultp Datry	100/10	92.00	(-2.00)	ı
Zeal Bangla Sugar Puel & Power	10/50	8.00	unchanged	ŀ
20 1750 (CO) - CO -	10/50	40.00	2.4 400	ı
Pharms & Chem	10/50	48,50	(+0.25)	Ł
Bestmeo Pharma	100/5	173.00	(-1.90)	ı
Robinson Chemical	100/5	2770.5% C. S. S. S.	unchanged	L
Kohmoor Chemical Paper & Printing	100/3	00.00	invitation.	ı
Bagle Box	10/50	13.00	unchanged	H
Tentile ·			c 94 A	Г
Sotham Textile	100/10	78.00	unchanged	L
Tallu Spinning	100/10	114.25	(-0.54)	ı
Bextmo	10/100	8.90	(-0.10)	ı
Chittagong Cement	100/5		unchanged	ı
GQ Ball Pen	10/50		unchanged	ı
Milon Tannery	100/5		unchanged	ı
Usmanta Glass	100/5	135.75	(+0.75)	l
Apex Tennery	1000/1	987.50	(+1 50)	ı
The second secon	(L = Mark		SECTION OF	
** Changes : Plus of	igns mea	n gain a	nd (-) signs	1
April 1975	ER STORES	1 550 to	E-175	٠
S	DI	naka	Stoc	L

July - 16 .

SELLING AND BUYE	Nr. PATES	b	
Commercials Banks, fo			
Overseas Drafts (ODs)	a name constant	o, tencol an	
Offic Unit of Foreign Ci	irrenctes (FCs)	for Taka	
FCs -	Selling	Buyin	
US Dollar	36.6226		
UK Pound Sterling	60.3736	58.628	
German Deutsche	20.4710	20.189	
Mark			
French Franc	6,0314	5.949	
Saudi Riyal	9.7974	9.668	
Dutch Guilders	18.1840	17.935	
Pakistan Rupee	1.4848	1.470	
(AMU*)	70 700000000000000000000000000000000000		
Singapore Dollar	20,9523	20.675	
UAE Dirham	10.0053	9.873	
Kuwatt Dinar	Not availab		
Indian Rupee		4.5	
AMU	1.4213	1.407	
S. Kroner	5.6612	5.582	
*AMU-Astan Monet	ary Union		
SECONDARY EXC	HANGE MAR	KET	
Wage Earners Fund		==-0:	
Performance Be		3) Fund	

US Dollar **UK Pound** 61.31 61.36 Sterling Saudt Riya 10.00 10.16 10.21 . The rates of Pound Sterling are decided every day, based on the crossrates of New York market Source: Sonali Bank

Dhaka Stock Exchange Market Profile

July - 16 134 Listed Stocks 5 Gains 14 losers 115 Unchanged 115 Unchanged stocks include eight traded on the day at its previous quoted prices. DSE All Share Price Index = 305.2122

Issued Capital=Taka 5,439,680,590 Market Capitalisation = 8,721,518,189 Turnover = Taka 2,17,027.50 (Value) 3,066 (Volume).

of Revenue (NBR), urging for reconsideration of VAT and SD in its present form. IHAB said, VAT is now levied on items like telephone.

telex and fax charges as well as laundry/valet services. These were earlier exempted from excise duty which is replaced by VAT. Besides, the service charges, collected for employees, were earlier exempted

from excise duty and regula

tory duty. Collections of the

same are meant as tips for employees but an now subject to VAT and SD. IHAB sources noted that the cost of staying in any Bangladeshi hotels will be "extremely higher than any other hotels in Asia- Pacific" because of VAT and SD. This will "surely act as a deterrent to efforts to foster hotel and

Bangladesh", they observed. The same sources told The Daily Star that international hotels contributed substantially to the foreign exchange earn-

tourism industry

ings of the country through tourism despite their low rates of occupancy and other adverse factors. But the imposition of VAT at 15 per cent and SD at 10 per cent on all items (including service charges) would put the industry in "a tight corner", they said.

Before the VAT and SD, the hotels were subject to excise duty (with manu exemptions) at 20 per cent and regulatory duty at 10 per cent on excise duty collections.

Meanwhile, the IHAB sources pointed out another anomaly under VAT and SD. No provision has been made for credit of VAT and SD in case of bad debts. "In our member hotels, 80 per cent of the sales are being mad on credit and the hotels are subjected to lose for non-realisation of the bills from unscrupulous customers' they noted. There should be a provision for credit of VAT and SD charged thereon in cases of non-realisation of any bills, the IHAB sources said.

OPEC earnings fall

PARIS, July 16: Oil export earnings by members of the Organisation of Petroleum Exporting Countries (OPEC) fell between April and June for the second successive quarter, the French specialist Petrostrategies review estimated on Monday, reports AFP.

But Saudi Arabia, Venezuela and Iran achieved big increases in earnings compared with their levels one year earlier.

OPEC earnings fell to 32.3 billion Dollars, representing a drop of 9.8 per cent on the level during the first quarter of 1991, and of 46 per cent compared with the level during the last quarter of

But excluding earnings by Iraq and Kuwait, the level was 40.2 per cent higher than the level during the second quar ter of 1990 before Iraq invaded Kuwait.



Kuwait to seek

ing to finance post-Gulf war reconstruction and other costs, it was announced yesterday, reports Reuter. A decree by the Emir Sheikh Jaber Al-Ahmed al Sabah, published in Kuwait newspapers said the Finance Ministry would be responsible

for tapping the international

market to raise the cash.

Latest estimates suggest that Kuwait will have to spend about 20 billion Dollars on reconstruction. That figure excludes the cost of financing the military operations of the US-led allied troops which drove Iraq from Kuwait at the end of February.

Back-to-back record deficits feared in US

WASHINGTON, July 16: KUWAIT, July 16: The Bush administration's tice, the report projects submid-year budget review Monday forecast back-to-back record deficits this year and next, blaming the tidal wave of red ink on the bailout of bankrupt banks and savings and loans, reports AP.

Richard D. Harding, Director, South Asian Affairs, Department of Commerce, Government

of U.S.A and senior officials of the U.S. Embassy, Dhaka Meeting with Committee Members

of Metropolitan Chamber of Commerce and Industry, Dhaka on Tuesday.

In a good news-bad news report to Congress. Office of Management and Budget Director Richard Darman said the deficit in Fiscal year 1991 ending September 30 will be Dollar 282.2 billion - Dollar 35.9 billion less than the administration projected in February.

But, the deficit will swell to Dollar 348.3 billion in 1992 -Dollar 67.4 billion more than forecast five months ago, the report said.

Both deficits, if realized, would surpass the previous yearly record of Dollar 221.1 billion set in 1986.

CIA impeded BCCI probe? LONDON, July 16: The US swoop coordinated by British Finance and Industry Ministry. Noriega.

Central Intelligence Agency (CIA) and other US governmental agencies might have impeded an investigation of the collapsed Bank of Credit and Commerce International (BCCI) the Financial Times newspaper alleged on Monday. reports AFP.

Quoting past and present US officials, the paper said the US Justice Department, the Treasury, the Federal Reserve as well as the Bank of England, were slow to reply for requests for information by investigators.

The Bank was closed 10 days ago in an international

and Luxembourg banking authorities.

UAE stops salary transfer to BCCI AFP from Abu Dhabi adds:

The United Arab Emirates (UAE) governments has stopped transferring salaries of its civil servants to the scandal-ridden Bank of Credit and Commerce International (BCCI), a UAE finance official said on Monday.

"It is just a temporary measure pending a solution to the BCC! problem," said Abdul Rahman Al-Bager, Director of the Salaries Department at the



surprise visit Tuesday to Sonali Bank Head Office at Motifheel, Dhaka. He held discussions with the senior Executives of the bank on the overall loan recovery position and the aspects of banking development.

He said the wages of those with accounts in BCCI would instead be transferred to The National Bank of Abu Dhabi (NBAD) of which the government owns 60 per cent. \$10b needed to compensate

depositors AP reports from Nicosia: It could cost up to Dollar 10 bil-

lion to compensate depositors in the closed Bank of Credit and Commerce International, the Middle East Economic Survey (MEES), said Monday. The respected oil

newsletter said the amount was substantial even for the oil-rich Gulf state of Abu Dhabi. But it added that Abu Dhabi's failure to "acquit itself

well" in the BCCI affair could lead foreign bankers to shy from dealings in the country and raise doubts about banking practices throughout the Gulf. BCCI's Dollar 3:2 billion assets in Britain were seized by the Bank of England on July 5

amid reports of large-scale fraud, including the alleged laundering of narcotics money. The British move was followed by Luxembourg. the Cayman Islands, the United States, Switzerland, Spain,

Canada, and France, locking

An earlier US investigation of the Bank alleged it laundered money for former Panamantan leader Manuel

most of BCCI's assets.

It was later reported that the CIA channeled money into covert operations through

Although the bank was based in the Cayman Islands and Luxembourg, it was seen as a Gulf institutions because of its connections with Abu Dhabi's ruling Al-Nahyan fam-

Sale of HK branch allowed

An AFP report from Hong Kong added: Banking Commissioner David Carse said here Friday, that the Luxembourg-based Bank of Credit and Commerce International (BCCI) has agreed to the sale of its Hong Kong subsidiary if a buyer could be found. He said the government

would not guarantee BCC Hong Kong for a potential buyer. Japanese co faces losses

AFP adds from Tokyo: Japanese shipbuilder Ishik awajima-Harima Heavy Industries Co, admitted Tuesday that it faced possible losses of deposits frozen by the closure of Bank of Credit and Commerce International SA

A company spokesman refused to disclose the sum which reportedly exceeds 12 billion Yen (89 million Dollars) which would account for almost a quarter of all deposits at the bank's Tokyo branch at the end of March.

In a break with past pracstantial budget deficits through 1996. Both the Bush and Reagan administrations repeatedly and incorrectly have forecast the deficit to disappear within a few years.

Unlike last year, when the threat of automatic spending cuts under the Gramm-Rudman budget law loomed, the deficit projections are creating little stir.

An accord reached last fall between the administration and Congress for all practical purposes scrapped the targets. The agreement instead requires that new spending be offset with either new taxes or offsetting cuts elsewhere in the budget. Darman, in an accompany-

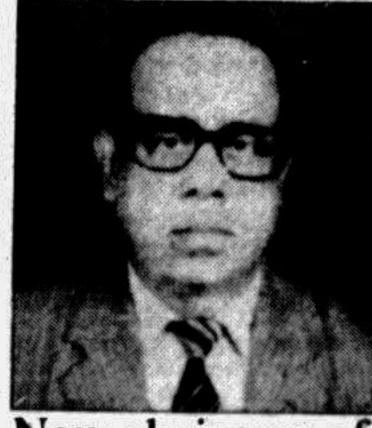
ing letter to House Speaker

Thomas S. Foley pinned much of the revision in 1991 and 1992 on unexpected swings in spending for the Gulf war and rescues of ailing financial institutions. In the current year, the war will actually prove to be a moneymaker for the govern-

Dollar 48.2 billion from its allies an spend only Dollar 24.2 billion, the report said. The total cost of the war should total Dollars 61.1 billion, including spending of Dollar 16.8 billion in 1992 and

ment, which expects to collect

Dollars 6.2 billion in 1993. Meanwhile, a delay by Congress in funding S-and-L bailouts will reduce the cost of that programme this year but push up the cost next year.



New chairman of Rupali Bank

Azizul Haque, a Member of Parliament has been appointed Chairman of Rupalt Bank Limited recently by the Government of Bangladesh, a Rupali Bank press release said Tuesday.

have been stalled since December, largely because of EC's refusal demands by the United States and other major food-exporting countries for sharp cuts in EC farm subsi-