

\$ 838m earned from frozen food exports

Star Economic Report

Increased export receipts in non-traditional items such as frozen food, garments and tea boosted total earnings to \$838.34 million Dollars in the first half of fiscal 1990-91. The amount was \$8.34 million Dollars higher than the same period of last year. But it was still short of the target of \$87 million Dollars for July-December, 1990. Both trading and official circles however reviewed the performance with a positive note, pointing out the economic dislocations caused by the Gulf war and the domestic political turmoil. Receipts in traditional items such as raw jute declined because of a sharp fall in export volume to about five lakh bales in six months up to December from 11 lakh bales in the same period of last year. The average jute export price in the international markets rose 30 Dollars a bale to 85 Dollars this year. But aggregate receipts fell about 17 million Dollars to 43.77 million Dollars. Exports of 2.47 lakh tonnes of jute goods earned 158.77 million Dollars compared with 2.26 lakh tonnes for 160.88 million Dollars in the same period last year. The average or unit export price of the item dropped 69 Dollars a ton to 642.78 Dollars. The share of jute and jute goods in total export earnings declined to 24.34 per cent

from 29.29 per cent in the first half of fiscal 1989-90. Export receipts in leather goods dropped 14 million Dollars to 79.86 million Dollars. This was mainly because of the decline in export volume by 20

BSCIC, Sena Kallyan Sangstha sign MOU

Star Economic Report

A Memorandum of Understanding (MOU) on sub-contracting between Bangladesh Small and Cottage Industries Corporation (BSCIC) and Sena Kallyan Sangstha was signed on Thursday. The agreement will facilitate linking small engineering industrial units with large industries, said a BSCIC Press release. With this agreement, BSCIC has so far signed MOUs on sub-contracting with 25 public corporations. BSCIC has enlisted 600 small engineering industrial units as sub-contractors. These units will be able to supply spare parts worth Taka 22 crore to large industries, the press release added.

million square feet to 61 million. The ban on exports of wet-blue leather was made effective from July 1990. Earnings in traditional export items fell by over two per cent while those in non-traditional ones rose 16 per cent. The shares of traditional and non-traditional items in total export earnings stood at 71.64 per cent and 28.36 per cent respectively. The frozen food sector showed an encouraging growth in receipts by over 22 per cent to 74.86 million Dollars, though no frog legs were exported. Higher earnings were because of increased volume, and some price gains. Export earnings by garments industry rose 42 million Dollars to 346 million Dollars. Tea exports were up by 14 million Dollars to 35.24 million Dollars. The final figures of Export Promotion Bureau showed a 4.12 per cent growth in overall export volume in the first half of the current fiscal year over the same period last year. In Taka terms, export earnings of Taka 2950.94 crore were about Taka 518 crore higher than that of last year. But total receipts were about Taka 85 crore lower than the target for the period.



Leather processing: The Daily Star runs a photo series on leather processing. The photographs will cover the whole process from procurement to production. Tanners drying the leather in the process of tanning. Star Photo-Four. By A.K.M. Mohsin.

India takes steps to prevent war effect

NEW DELHI, Jan 24: The Indian Government announced further measures to protect the economy from the adverse effects of the Gulf war, the Press Trust of India reported, says Xinhua. The Indian Railway Ministry has evolved a contingency plan for freight movement with the transport of coal, iron and foodgrains being given top priority. The Ministry today appealed to the people to travel less and help railways conserve fuel. The government also banned holding of conferences and seminars by Ministers to cut expenditure. The Planning Commission has deferred all exercises related to finalization of the eight five-year plan outlays in view of the war. On Tuesday, the government decided to reduce by 15 per cent the consumption of cement by all its departments and has asked them to desist from making heavy purchases in the remaining part of the current financial year ending at the end of next March. Meanwhile, the Central Government directed all the states to strictly follow measures for conserving foodgrains and check malpractices like hoarding and profiteering. Indian Lok Sabha (Lower House) Speaker Rabi Ray Tuesday decided to suspend the visits by Indian Parliamentary delegations abroad in view of the prevailing economic situation due to the Gulf war. An earlier AFP report said: India's troubled economy has found a cushion to fall back on after wrangling a sorely-needed loan from the International Monetary Fund (IMF). But analysts here warn the bail-out is only temporary. The loan of 1.78 billion Dollars came through unusually quickly Friday, two months against the usual six, in what officials here have tried to paint as a tribute to India's negotiating skills and creditworthiness. Commerce Minister Subramaniam Swamy said India had been a 'good debtor', never falling behind in repayments, explaining the smooth manner in which the credit had been negotiated with no serious opposition from any of the agency's members.

7b Rubles outside country: Pavlov

MOSCOW, Jan 24: Soviet Prime Minister V. Pavlov, who until last week was Finance Minister estimated at seven billion Rubles the amount of Soviet currency currently held outside the country mostly in Switzerland, Austria and Germany, reports AFP. The Ruble is not convertible, but banks in Zurich, Vienna and Munich have been buying and selling Soviet currency at rates close to those of the black market. These funds will not be changed. Large amounts of Rubles had flowed on to the market in Munich, in the wake of German reunification and rates there were the lowest recorded at about 50 Ruble to the Dollar, compared to about 23 Rubles per dollar elsewhere. The official commercial rate of the Ruble is 0.6 Rubles. Last November, the Interfax News Agency estimated that 350 billion Rubles were held by individuals in bank and saving accounts, 20 billion in state loans, 24.5 billion in insurance policies and 112 billion in cash. Monetary reform created panic in the Soviet Union with people mobbing banks in a bid to change 50 and 100-Ruble banknotes which have been taken out of circulation. All 50 and 100 Rubles notes are being taken out of circulation immediately and access to bank and saving accounts is limited to 500 Rubles (300 dollars) per person per month. Long queues formed outside banks early in the morning as people rushed to try to change their savings even though the decree specified that people will only be able to change two months' wages' worth, or a maximum of 1,000 Rubles. Old 50 and 100 Rubles bank notes will be changed for new ones, or for smaller denomination banknotes, the decree said. Soviet Prime Minister Pavlov, who said the move aimed to undermine 'the black market economy', estimated that about a third of Soviet savings were made up of 50 and 100 Ruble notes.

BSRS loan recovery reviewed

The first meeting of the newly-constituted Board of Directors of Bangladesh Shipha Rin Sangstha was held on January 24 at the Board room of the Sangstha's Head Office, in Dhaka, according to a press release. Mr. Shaful Alam, new Chairman, Board of Directors of the Sangstha and Secretary, Ministry of Industries presided over the meeting. It was attended, among others, by Mr. M. M. Nurul Haque, Managing Director of the Sangstha. The board in a meeting reviewed the overall activities of the BSRS particularly the loan recovery position during the current financial year.

Snippets

German taxes may be increased

FRANKFURT, Jan 24: German taxes might be increased because of the Gulf war. Liberal Coalition Party leader Otto Lambdorff said here on Wednesday, reports AFP. He told the Handelsblatt Economic newspaper that because Germany has to increase its contribution towards the cost of the allied war effort 'We must increase taxes since we have to find this money somewhere.' The budget expert of the opposition Social Democratic Party Rudi Walthers said in a newspaper interview on Wednesday that he expected Finance Minister Theo Waigel to increase sales tax by two percentage points to increase revenue from this source by between 22 billion and 25 billion Deutsche marks (up to 16.6 billion Dollars) in a full year.

Poland raises house rent

WARSAW, Jan 24: The Polish Government decided Wednesday to raise the country's house rent by twofold as of March 1, and double the charges for central heating and hot water supply as of February 2, reports Xinhua. Under the revised price system, it will cost 2,10,000 Zloties (about 22 US dollars) for a family of three to four members in paying house rent, heating and hot water. The average monthly salary of a Pole is no more than 150 US Dollars.

Chinese bank offers more loans

BEIJING, Jan 24: The Construction Bank of China will increase state loans by 30 billion Yuan (nearly six billion U.S. Dollars) to aid key state capital construction projects and the nation's basic trades, Economic Daily reported today, reports Xinhua. According to statistics, the Bank had granted a total of 170.28 billion Yuan of loans by the end of last year. 39.95 billion Yuan more than at the beginning of the year. The paper said that 84.6 per cent of the loans were used in 278 key state capital construction projects involving the development of the energy, communications and raw materials industries.

US cut on garment quota unfair: China

BEIJING, Jan 23: China said on Wednesday the United States' reduction of quotas on Chinese garment and textile imports was unfair, reports Reuters. The US Commerce Department in late December announced the cuts in retaliation for alleged illegal shipments by China through Hong Kong, Macau and Taiwan to avoid quota restrictions. 'The United States' one-sided action is unfair,' Ministry of Foreign Economic Relations and trade spokesman Liu Xiangdong told reporters. The one-sided action of the US will obviously and seriously harm the normal development of trade between China and the United States,' he added. 'China has adopted a positive attitude to this question, and hopes it can be resolved quickly,' Liu said. Textiles are China's number one dollar-earner, comprising 25 per cent of export earnings. Liu blamed a difference in the two countries' accounting methods for the trade surplus with the United States. 'According to US statistics, the US is in an unfavourable balance of trade (within China), but according to our statistics, we are in an unfavourable balance of trade.'

Liu said. China says it runs a trade deficit with the United States, saying it imported 1.46 billion dollars worth of goods more than it exported in the first 11 months of 1990. Washington says it is the United States which is running a deficit in its China trade, with Beijing selling at least 10.5 billion dollars more than it bought. The gap could grow to 15 billion dollars this year, US officials said, which would put China's surplus second only to Japan's.

The government also banned holding of conferences and seminars by Ministers to cut expenditure. The Planning Commission has deferred all exercises related to finalization of the eight five-year plan outlays in view of the war. On Tuesday, the government decided to reduce by 15 per cent the consumption of cement by all its departments and has asked them to desist from making heavy purchases in the remaining part of the current financial year ending at the end of next March. Meanwhile, the Central Government directed all the states to strictly follow measures for conserving foodgrains and check malpractices like hoarding and profiteering. Indian Lok Sabha (Lower House) Speaker Rabi Ray Tuesday decided to suspend the visits by Indian Parliamentary delegations abroad in view of the prevailing economic situation due to the Gulf war. An earlier AFP report said: India's troubled economy has found a cushion to fall back on after wrangling a sorely-needed loan from the International Monetary Fund (IMF). But analysts here warn the bail-out is only temporary. The loan of 1.78 billion Dollars came through unusually quickly Friday, two months against the usual six, in what officials here have tried to paint as a tribute to India's negotiating skills and creditworthiness. Commerce Minister Subramaniam Swamy said India had been a 'good debtor', never falling behind in repayments, explaining the smooth manner in which the credit had been negotiated with no serious opposition from any of the agency's members.

Share prices fall further

Star Economic Report

The week closed on Thursday at Dhaka Stock Exchange (DSE) with prices of stocks going down further. All Share Price Index that indicates the market prices of the listed stocks dipped to 340.6904 points in a successive daily decline all throughout the week. The DSE Index at the beginning of the week on January 19 stood at 342.7413 points. Trading was dull all throughout the week with little buying support from the investors. Selling pressures got stronger. In the week's closing day, 2540 shares changed hands compared with Wednesday's 3054. Traded shares valued Taka 1,53,497.50 against Taka 2,29,219.00 on the previous day. Trading was in 16 stocks. Of them, four gained in prices, eight fell and four remained unchanged. Among the decliners, Milon Tannery lost Taka 5.00 to Taka 30.00. Peoples Insurance, 5th ICB Mutual Fund and Modern Dryclean lost Taka 1.00 each to Taka 106.00, Taka 120.00 and Taka 32.00 respectively. The other decliners were Howlader Pvc, Quasem Drycells, Eagle Star and Beximco, losing their prices between the range of Taka 0.50 and Taka 0.25. On the gainers side, Usmania Glass advanced Taka 2.00 to Taka 150.00. BGIC Insurance and Tallu Spinning gained Taka 1.50 and Taka 1.00 to Taka 106.00 and Taka 106.00 respectively at closing. Green Delta advanced Taka 0.50 to Taka 107.00 at closing.

The one-sided action of the US will obviously and seriously harm the normal development of trade between China and the United States,' he added. 'China has adopted a positive attitude to this question, and hopes it can be resolved quickly,' Liu said. Textiles are China's number one dollar-earner, comprising 25 per cent of export earnings. Liu blamed a difference in the two countries' accounting methods for the trade surplus with the United States. 'According to US statistics, the US is in an unfavourable balance of trade (within China), but according to our statistics, we are in an unfavourable balance of trade.'

Quoted Prices of Traded Stocks

January 24

30.00. Peoples Insurance, 5th ICB Mutual Fund and Modern Dyeing declined Taka 1.00 each to Taka 108.00, Taka 120.00 and Taka 32.00 respectively.
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Quoted Prices of Traded Stocks

January 24

	TV/ML	Closing (Taka)	Change* (Taka)
Investment			
5th ICB M. Fund	100/10	120.00	(1.00)
Peoples Insurance			
BGIC	100/10	108.00	(1.50)
Green Delta	100/10	107.00	(0.50)
Peoples	100/10	106.00	(1.00)
Howlander Pvc			
Quasem Drycells			
Usmanina Glass	100/5	151.00	Unchanged
Eagle Star	100/10	78.00	Unchanged
Modern Dyeing	100/10	103.00	(0.50)
Howlander Pvc			
Quasem Drycells	10/50	7.50	(0.25)
Beximco	100/5	160.00	Unchanged
Vegetable Ghee	100/10	100.00	Unchanged
Mustard	100/10	33.25	(0.30)
Eagle Star	10/50	28.00	(1.00)
Modern Dyeing	100/10	106.00	(1.00)
Tallu Spinning	100/10	108.00	
Molasses			
Onion	100/5	8.50	(0.30)
Molasses	100/5	30.00	(8.00)
Usmanina Glass	100/5	150.00	(2.00)

Exchange Rates

January 24

SELLING AND BUYING RATES, offered by Commercial Banks, for Bank Cheques (BCs) and Overseas Drafts (ODs) One Unit of Foreign Currencies (FCs) for Taka	Buying	Selling
US Dollar	35.4432	35.9226
UK Pound Sterling	69.0149	69.8272
German Deutsche	23.6999	24.0365
Mark		
French Franc	6.9695	7.0679
Saudi Rival	9.4819	9.6101
Dutch Guilder	20.0158	21.3127
Pakistan Rupee	1.6006	1.6160
(AMU*)		
Singapore Dollar	20.5182	20.7958
UAE Dirham	9.6831	9.8141
Kuwait Dinar	Not available	
Indian Rupee	1.9370	1.9508
(AMU)		
*AMU-Asian Monetary Unit		
SECONDARY EXCHANGE MARKET		
Wage Earners Fund/ Export Performance Benefit (XPB) Fund		
Buying		Selling
US Dollar	36.48	36.53
UK Pound	70.95	71.00

*PV = Face Value, ML = Market Lot
**Changes: Plus signs mean gain and (-) signs losses.
*Source: Sonali Bank

Oil prices decline

LONDON, Jan 24: The price of Brent north sea oil fell to 19.85 Dollars a barrel for March delivery on the physical market in early dealing here on Thursday, from 21.55 Dollars at the close on Wednesday. reports AFP. Smith New Court analyst Chris Grudniewicz said that 'The Saudi production seems to be recovering' and that this could explain the fall. But price rises and falls were normal given uncertainty over the Gulf situation, he said. AFP from Geneva adds: The Gulf war will have no effect on oil supplies, prices or the state of reserves, former Saudi Oil Minister Ahmed Zaki Yammani declared. He said on Swiss television that 'I don't think we'll get to 60 Dollars a barrel and we will never, never reach 100 Dollars a barrel. That is a very unrealistic idea.' The former Oil Minister, who lives here, said the ups and downs of oil prices result from 'psychological' factors, not economic.

Tomorrow, when it will be necessary to reconstruct the country, Iraq and Kuwait will resume exporting oil, 'he said. 'Look at Saudi Arabia, which is bearing an extraordinary financial burden in this war. It will also have to export a lot,' he commented. Sheikh Yamani said the current fighting would have no effect on the state of reserves, which could not be attacked because they were in the ground. Another report from Hong Kong adds: The international gold prices closed lower here Thursday at 376.90-377.40 U.S. Dollars an ounce, against an opening rate of 377.50-377.90 and Wednesday's finish of 378.25-378.75.

Gulf shipping little affected

ABU DHABI, Jan 24: Shipping in the northern Gulf has been little affected by the outbreak of war, by nine risks and the sharp increase in insurance rates. Shipping sources in the region said Tuesday, reports AFP. Some parts in the United Arab Emirates, which is considered a safe distance away from the conflict, have even seen an upturn in shipping activity as several vessels heading to the north unloaded in the UAE. LME stocks of copper rose 1.725 tonnes to 188,250 tonnes. Figures from the International Primary Aluminium Institute showed that western world daily output of aluminium rose to a record level of 39,600 tonnes per day in December, up 200 tonnes from November. The news had little impact on the aluminium price which, like the other base metals, with the exception of copper, moved little. LME stocks of aluminium fell 7,200 tonnes to 313,425 tonnes.

Metal prices fall in UK

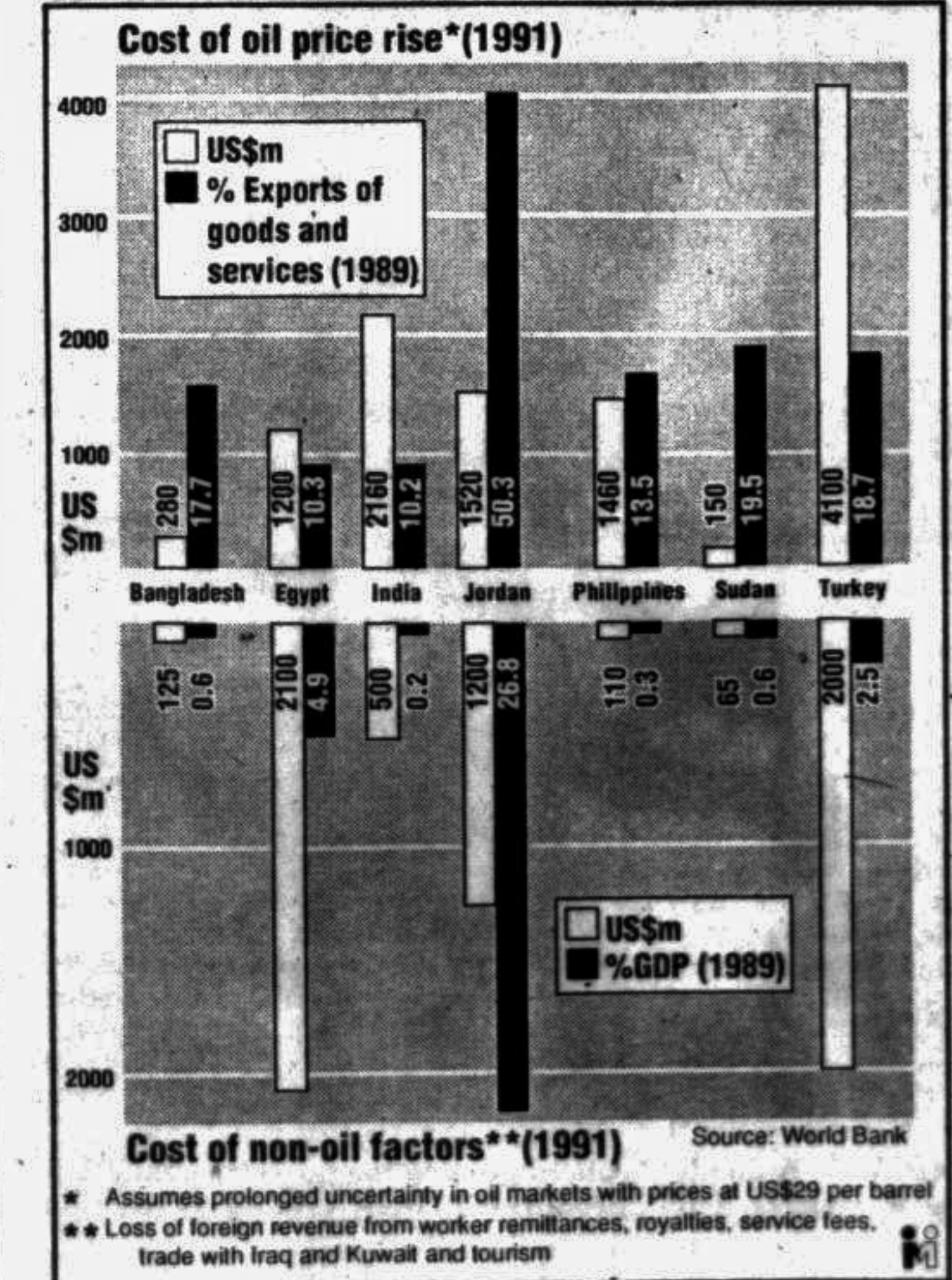
LONDON, Jan 24: The Iraqi attack on Kuwait oil installations and the higher crude oil prices which resulted, prompted renewed concern about the impact of the Gulf war on industrial demand for metals and sent copper prices tumbling to new lows, dealers said Tuesday on the London Metal Exchange (LME), reports AFP. With the slide of copper prices triggering stop-loss selling, the three month price fell to 1,224 pounds per tonne at the close of the morning ring, its lowest level since August 1988. Prices bounced in the afternoon and on the curb the metal was quoted at 1,230 pounds per tonne against 1,233 pounds per tonne at the close of the afternoon ring and 1,245 pounds per tonne at the close Monday. LME stocks of copper rose 1.725 tonnes to 188,250 tonnes. Figures from the International Primary Aluminium Institute showed that western world daily output of aluminium rose to a record level of 39,600 tonnes per day in December, up 200 tonnes from November. The news had little impact on the aluminium price which, like the other base metals, with the exception of copper, moved little. LME stocks of aluminium fell 7,200 tonnes to 313,425 tonnes.

Gold prices fall

Another report from Hong Kong adds: The international gold prices closed lower here Thursday at 376.90-377.40 U.S. Dollars an ounce, against an opening rate of 377.50-377.90 and Wednesday's finish of 378.25-378.75.

How Gulf crisis hits poor countries

Gulf crisis: breaking the bank



EC Commission policy on farm reform opposed

BRUSSELS, Jan 24: France, Britain and Germany, all important members of the European Community (EC), oppose the package of farm policy reform initiated by the EC Commission, reports Xinhua. Speaking at an Agriculture Ministerial Council conference, French Agriculture Minister Louis Mermaz said that the rate to reduce the price of farm goods and the measures for letting land fallow are 'unacceptable' and 'certainly not supported by the majority of EC members'. His British counterpart John Gummer considered the idea behind the package is to let a few EC members to take the damages resulting from the farm subsidy reduction, adding that his nation would present opposition suggestions. Ignaz Klechele, the German Farm Minister, said the commission is unrealistic. The EC expenditures on agriculture started to rise in the first half of 1990, and predictions are that they will increase by 20 per cent in 1991, and by 12.5 per cent in 1992.

G-7's united front may not last long

WASHINGTON, Jan 24: Financial leaders from major nations closed ranks this week to reassure financial markets jittery about the Gulf war, but their united front may not last long due to differences over interest rates, reports Reuters.

Price Barometer: Essentials

January 24

Rice	(Taka per Kg)
Amn Vary fine	17.00-18.00
Amn (fine)	14.00-15.00
Pajam	13.50-14.00
Uthi	12.00-12.50
VEGETABLES	
Potato (white)	5.50-6.00
Brinjal	6.00-8.00
Lady's finger	15.00-16.00
Cauliflower / piece	6.00-9.00
Karola	20.00-24.00
Lalshak	6.00-8.00
Green Banana (Four Pices)	5.00-8.00
OTHER FOODGRAIN	
Flour	12.00-14.00
Atta	11.50-12.00
Wheat	9.50-10.00
FISH	
Rubi (big)	120.00-130.00
Katla (big)	85.00-95.00
Hilsa	60.00-65.00
Shrimp (big)	80.00-90.00
Singi	50.00-60.00
Koi	60.00-75.00
PULSES	
Mash	34.00-38.00
Mugh	33.00-36.00
Chola	26.00-28.00
Matar	27.00-28.00
Khasari	19.00-20.00
MEAT	
Beef	Not Available
Mutton	Not Available
OIL	
Mustard	48.00-56.00
Soybean	33.00-33.50
Coconut (Colombo)	60.00-64.00
Vegetable Ghee	44.00-52.00
SPICES	
Onion (new)	15.00-17.00
Garlic	44.00-50.00
Chillies	65.00-70.00
Turmeric (Round)	42.00-46.00
(Long)	48.00-52.00
Green chillies	20.00-24.00
Ginger	16.00-20.00
Cinnamon* (10gms)	3.00-3.50
Cardamom* (large)	8.00-10.00
Birs (50gms)	6.00-7.00
MISCELLANEOUS	
Ghee	220.00-230.00
Sugar	32.00
Molasses	16.00-18.00

Gold & Silver

January 24

Gold	(Taka for 11.66 grams)
Tajibi	6400.00
Quinn	6500.00
Silver	200.00

Source: Department of Agricultural Marketing

HIDES & SKIN

(Wet/Salted)

January 24

Taka per 100 pieces	
Cow	12,000.00
Cal	15,000.00
Light	25,000.00
Medium	35,000.00
Heavy	50,000.00
Very heavy	65,000.00
Rejected	25,000.00
Goat	12,000.00
Big	15,000.00
Heavy	20,000.00
Light	7,000.00
Medium	10,000.00
Rejected	3,000.00
Sheep	9,000.00
BUFFALO	55,000.00

Source: Department of Agricultural Marketing

Raw Jute

January 24

Kutchha bales
FOB * Narayanganj/Daulatpur
Varieties (Tk. per 100 Kg)

White	Tossa	Meshta
Medium	1393	1500
Bot. (B)	1340	1447
Bot. (C)	1206	1286
Bot. (Q)	1072	1125

* FOB = Freight on board
* Bot. = Bottom

Price Barometer: Essentials

January 24

AW SPL.	3450	585
BWA	3350	570
BW3	3300	550
BWC	2900	480
BWD	2600	410
BWE	2000	365
Tosha		
ITW SPL.	3500	595
ITB	3450	580
ITB3	3400	560
ITC	2950	490
ITD	2650	420
BTE	2100	375
White Rejection (WRS)/		
Tosha Rejection (TRS) :		
Lablabi, Cut Beans		
BWR	1650	290
BWI	1300	220
BTR	1750	300
BTI	1400	230
DCR	1250	230
White/Tosha :		
Cutting		
BWCA	1450	235
BWCB	1300	220
BTCA	1600	250
BTCH	1500	235
Meshta		
Spl.	1950	355
A	1900	345
B	1800	330
C	1600	295
SPL Cuttings	1000	175
Ord. Cuttings	900	170
SMR	1125	200