

Business

# Curbs on car procurement yet to be lifted

By Moazzem Hossain

Automobile sales to government agencies, public sector corporations and statutory bodies are still confined to three foreign manufacturers and their local agents or distributors. The manufacturers are: Toyota, Nissan and Mitsubishi.

Representations made by others, outside this "group of three", to relax government restrictions or curbs on procurement of cars and to open up opportunities for "free and fair business" under competition remain still unheeded.

The local distributors or agents of Proton Saga, Mazda, Hyundai, Fiat and others outside the "group of three" said that their cars were sold to various government organisations and corporations as well as multinational companies, foreign consultants and public sector banks and insurance before the restrictions came into effect.

Even today, private organisations and private individuals are buying them. "Our after sale reports only demonstrate customers are fully satisfied in view of quality, comfort, dependability and ready availability of the spare parts", said one such distributor.

The same circles claimed that their models were also price competitive and suitably built for tropical countries like Bangladesh.

With government purchase of motor cars now limited to only three companies, others have lost the main market in the country. Trading circles said bulk of car sales is in the government sector including sector corporations and statutory bodies.

The Establishment Division to which the representations were made by other distributors of cars outside the "group of three" after the fall of Ershad regime is yet to take any decision, according to the car trading circles.

The restrictions limiting the purchase of cars for three years to four models — Toyota Starlet for 1000 CC and Toyota Corolla, Nissan Sunny and Mitsubishi Lancer for 1000 CC and above — came in December 1988.

Under the then orders of Establishment Division, all governmental and autonomous bodies are required to place procurement orders among these four "standardized marks and models". The order is effective also for "purchase by donor countries and against any signed contract if no binding is there by the purchaser".

The system, enforced under this order, is only to be repon-

sidered after three years, if local assembling of the related automobiles is adopted. Then only, "the government may re-consider and take decision accordingly", the order said.

The rationale behind the order was for standardisation of automobile models for all government departments and autonomous bodies in consideration of the need for proper maintenance and repairing and early availability of spare parts.

But, this is contested by the aggrieved parties. They said, a huge amount of government funds can be saved if other models are considered for purchase by virtue of price and quality. "Our spare parts are available in plenty and we also provide guarantees for the same", said one such party.

Another said, "our spare parts are inter-changeable with those models to which the government has now unreasonably limited its procurement or purchases". Diversification of types of cars for government use would lend healthy competition in terms of price and offer, yet another trading circle observed.

The car market in Bangladesh is, otherwise limited because of low demand due to low average per capita income. Annual imports of cars valued Taka 124.20 million for a total of 6238 units in 1989-90 compared with Taka 11669.37 million for 5848 units in 1988-89, the official figures showed. The above figures are on C&F (Cost and Freight) basis.

In five months up to November 1990, the value of letters of credits (LCs) for import of cars stood at Taka 223.00 million, reflecting a declining import trend. Statistical Pocket Book of Bangladesh 1990, a publication of the official Bangladesh Bureau of Statistics (BBS), showed that the number of registered motor cars at 28,479 in 1988-89, 27,713 in 1987-88, 26,968 in 1986-87 and 26,279 in 1985-86.

A meeting of the Council Committee of Advisers on Emergency Management reviewed on Wednesday the supply position of essential commodities which was found to be satisfactory, reports UNICEF.

The Council Committee noted with satisfaction that prices of some items, such as pulse and onion were falling gradually, says a UNICEF report.

The meeting also reviewed availability and supply of petroleum items, particularly supply of diesel in view of the present 'Boro' season.

Supply position of essentials satisfactory

Economic coup against Gorbachev

Canadian bankers deny involvement

Riyadh begins borrowings from foreign banks

US military authorised to exceed spendings

Accord to avert railroad strike

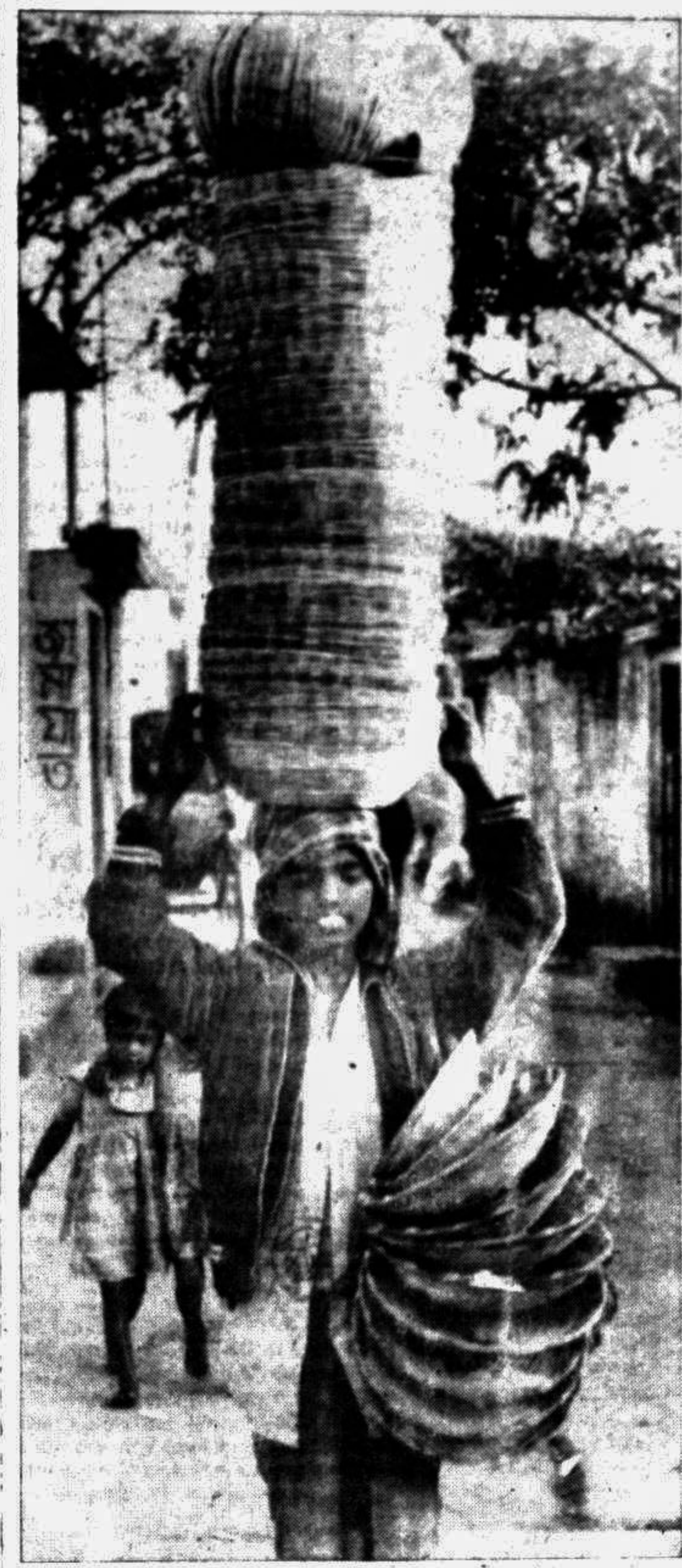
Bush urges Fed. Reserve to lower interest rates

Co-financing new money package to Philippines

Australian farmers revolt over wool

Japan's dairy farmers may be warned

ECNEC okays six projects



Selling baskets to earn livelihood for his family. Cane and bamboo required for making baskets are in short supply. The price is also high. As such sale price does hardly cover the production cost. - By A. K. M. Mohsin.

# Tea stocks unsold

Star Economic Report

Prices for broken teas eased further due to limited export enquiries at the weekly tea auction at Chittagong on Tuesday. A large quantity of offers at the auction remained unsold.

In all, 30,874 packages of leaf alongwith 329 packages of leaf season teas were put on offer. Bold brokers were generally neglected and mostly remained unsold. All other broken teas eased by up to Taka two. Selective lines sold between Taka 47.00 and Taka 51.40. A substantial quantity were withdrawn.

Fannings, however, were a strong market with useful support from Iran, Pakistan, and the local traders. Prices often gained by about a Taka to two. A limited quantity sold between Taka 50.50 and Taka 53.80.

Unity brokers limited in its market report on the auction sale said price levels are now similar to the ones realised in sales in 1988 around this part of the season and tends to fall further.

Orthodox teas at Tuesday auction were all withdrawn. In all, 3,620 packages of Dust were offered. Cleaner types were firm to dealer by upto Tk two while the fibrous sorts sold at around last rates. Powdery descriptions eased in value.

There was no interest in Green tea and offerings of 130 packages were all withdrawn. The next weekly auction (sale no 41) will be held on February 19 in which were offerings will comprise of about 37,000 packages Leaf and 4,000 packages Dust. The

large offerings in sale 41, one of the highest this season, reflects a substantial carry over stock from the previous sales, Unity Brokers reported.

The auction Sale No. 42 is due for February 26. The catalogue closed with the arrivals of February 5.

Colombo recovers

Prices were steady on good demand at this week's Colombo tea auction as the market recovered from the initial shocks of the Gulf war, brokers said on February 12.

Low-grown teas sold well following widespread demand from almost all Middle Eastern buyers except Iraq, the second-largest buyer of Sri-Lankan tea prior to United Nations Sanctions, Colombo broking firm John Keels Limited said.

Relatively speaking, the market has recovered from the initial shock. Of course, you cannot predict what might happen next week, but right now, the market is good," John Keels tea Director Lalith Ramanayake said.

Prices fell sharply and Colombo was forced to withdraw over one million kilograms (2.2 million pounds) of tea from the market after war broke out in the Gulf, raising doubts about future sales to that region.

Colombo is one of the world's largest tea exporters and the weekly Colombo tea auction is one of the most important in the trade. Some 4.4 million kilograms (9.68 million pounds) of tea went under the hammer on February 12.

# US military authorised to exceed spendings

WASHINGTON, Feb 13: Responding to skyrocketing costs of the Gulf war, Defence Secretary Dick Cheney on Tuesday authorised the US military services to exceed spending approved by Congress for routine operations such as transporting troops, reports Reuters.

Pentagon spokesman Pete Williams said the Defence Department would seek a special spending supplement for the war next week, but that the military could begin running out of 1991 operations and maintenance funds before the extra money was approved.

The Pentagon has not said what the supplemental request will be, but some military experts have estimated that the war is costing the armed services at least an additional 500 million Dollars a day.

Williams said the Marines could exceed their authorised 2.1 billion Dollars for routine operations by March.

The US Navy and Air force are authorised to spend 23.9 billion Dollars and 20.5 billion Dollars respectively for routine operations and maintenance in the current year and Williams gave no indication as to how close those services were to their limit.

With an estimated daily cost of 500 million to one billion Dollars, top White House officials estimate the Gulf war will cost the United States and other coalition countries 40 billion to 50 billion Dollars.

White House Chief of Staff John Sununu said last month that President George Bush expected the United States would end up paying about 15 billion Dollars of the total bill.

The total international support for the Gulf campaign in the first three months of 1991 rose to 36 billion Dollars since late January when Saudi Arabia pledged an additional 13.5 billion Dollars.

Kuwait has pledged 13.5 billion Dollars and Japan nine billion Dollars.

# Canadian bankers deny involvement

TORONTO, Feb 13: Canadian bankers on Tuesday denied accusations by Soviet Communist leader and by Soviet Prime Minister Valentin Pavlov that they collaborated in an attempt to overthrow President Mikhail Gorbachev in an economic coup last month, reports Reuters.

Pavlov told the trade union daily Trud that he knew of plans to flood the country with billions of roubles to oust the Soviet leader and do away with Communist rule. He said Canadian, Swiss and Austrian private banks were participants in the scheme.

Bryan Griffiths, Senior Vice-President of Foreign Exchange at the Royal Bank of Canada, the country's largest bank, called the allegations "preposterous."

# Riyadh begins borrowings from foreign banks

RIYADH, Feb 12: Saudi Arabia, strapped financially by the Gulf crisis, has begun borrowing from foreign banks for the first time, western diplomats said Tuesday, reports AFP.

The diplomats, who requested anonymity said the Kingdom has been forced to divert roughly 48 billion US Dollars, or half its annual national income, to war-related spending since Iraq's August 2 invasion of Kuwait.

This is an immense and very heavy burden," one Western diplomat said.

"And it will only increase as the war extends," he said, adding that there was some displeasure among the Saudi authorities over the size and scope of the financial contributions of Japan and Germany to covering the costs of the war against Iraq.

"The entire Saudi economy has been directed towards supporting the war effort," the diplomat continued, noting that air-line, shipping and postal service have all been disrupted since the war to dislodge Iraqi troops from Kuwait began on January 17.

The diplomats said that the 48-billion-Dollar figure did not include the costs, expected to run into the billions of Dollars, of economic and environmental damage from the unprecedented oil spill in the Gulf.

They said that Saudi Arabia, which ran budget deficits in the 1980s and has spent heavily for decades on major infrastructure projects, had liquid reserves of roughly 10 billion Dollars at the end of 1989.

The vast military buildup in the Kingdom following the Iraqi invasion and the nearly four week-old war forced Saudi Arabia to draw substantially from the reserves and "current income has been consumed and vastly exceeded," one western diplomat said.

He said the 48 billion Dollars in war-related spending so far included funding for mili-

# Economic coup against Gorbachev

billions of roubles to oust the Soviet leader and do away with Communist rule. He said Canadian, Swiss and Austrian private banks were participants in the scheme.

Bryan Griffiths, Senior Vice-President of Foreign Exchange at the Royal Bank of Canada, the country's largest bank, called the allegations "preposterous."

# Brisk recovery at DSE

Star Economic Report

Trading at Dhaka Stock Exchange (DSE) witnessed on Wednesday a brisk recovery with a marked rise in transactions both in value and volume.

It was the largest recovery in trade operations at the Exchange in one single day over the last fortnight or more. The bourse was in its most upbeat mood in recent days with most traded stocks rallying ground.

This was a good news by itself for most investors who remained depressed for past several weeks.

In all, 24,093 shares and debentures changed hands compared with Tuesday's 3032. Traded stocks involved 27 issues. Of them, 16 gained in prices, seven fell and four remained unchanged at their previous quoted rates.

Traded stocks valued Taka 6,80,530.00 against Taka 5,80,530.00.

All Share Price Index of Dhaka Stock Exchange (DSE) rose to 334,144 points compared with 33,3602 of the previous day. The rise marked the reversal in downward trend in the index witnessed in an uninterrupted sequence from February 8.

The DSE index is a broad indicator of price movements of all the listed stocks with the Exchange.

Among the advanced, Quamam Silt debentures gained most at Taka 50.00 and rose to Taka 1800.00. Deximco Pharma went up by Taka 9.39 to Taka 1659.39. National Bank, Chittagong Cement and Sonali Aash advanced by Taka 6.27, Taka 3.54 and Taka 3.00 respectively.

Also on the gainers side, Third ICB Mutual Fund rose by Taka 2.00 and 5th and 6th ICB Mutual Funds by Taka 1.00 each. Uttara Bank gained Taka 1.50. Others including Bangladesh, Thai Aluminium, Renwick Jajneswar, Bengal Food, Kofinoor Chemical, Tallu Spinning, Apex Tannery and Apex Tannery (debenture) advanced within the range of Taka 0.12 and Taka 1.00.

Among the decliners, Bangladesh Lamps lost Taka 7.06 to Taka 230.00 Paper Processing fell by Taka 2.00. Dhaka Vegetables, Bangladesh Oxygen, Ambee Pharma, Pharma Aids, and Bata Shoe fell within the range of Taka 0.23 and Taka 1.00.

Quoted Prices of Traded Stocks

Stock	TV/ML	Closing	Change
National Bank	100/5	100.72	(+5.27)
Uttara Bank	100/5	201.90	(+1.50)
Third ICB M Fund	100/5	145.00	(+2.00)
5th ICB M Fund	100/10	117.00	(+1.00)
6th ICB M Fund	100/10	117.00	(+1.00)
Insurance	100/10	105.00	unchanged
Engineering	100/5	230.00	(-7.06)
Chittagong Cement	100/5	51.00	(+1.00)
Renwick & Allied	100/5	173.00	(+1.00)
Apex Tannery	100/5	1659.39	(+9.39)
Apex Tannery (debenture)	100/5	1800.00	(+50.00)
Quamam Silt	100/5	1800.00	(+50.00)
Uttara Bank	100/5	201.90	(+1.50)
Third ICB M Fund	100/5	145.00	(+2.00)
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