

Business

German business faces bankruptcy as US troops withdraw

MAINZ (Germany), Mar 21: Germans fear becoming economic casualties of the peace now that the Gulf war is over and US troop withdrawals from Europe are picking up speed.

Businesses from bars to video stores face bankruptcy when US bases close, deserting German towns which in some cases built their economies on the 40-year American military presence.

Entire regions in wealthy western Germany fear the military pullout announced last September will bring major economic problems.

Washington plans to close or cut back 108 bases in Germany over the next few years as part of worldwide troop cuts in response to improved superpower relations and a Federal budget crunch. It has not said how many troops it would leave behind.

Some withdrawals scheduled for this year were put on hold after 80,000 of the 260,000 US servicemen based here were sent to drive Iraq out of Kuwait.

But US military officials say about 30,000 army and 10,000 air force servicemen, some still in the Gulf, will be pulled out of Europe this year. Most are from Germany, where a third phase in the pullout was announced on March 7.

The massive deployments to the Gulf gave businessmen a foretaste of what will happen when troops withdraw for good.

Pubs, video stores and car dealers catering to US soldiers say their sales nose-dived as US withdrawal.

Many Germans built houses because they were able to rent them to Americans.

Stock trading nosedives

Star Economic Report

The week closed Thursday at Dhaka Stock Exchange (DSE) with trading nose-diving to a record low.

Dull trading reflected investors' lukewarm attitude. Operators were a few in number.

In all, 1767 shares and debentures changed hands compared with Wednesday's 5255. Traded issues were valued Taka 231,260.00 against Taka 370,780.00 on the previous day.

The DSE composite Share Price Index however recorded a marginal rise because advancers were larger in number than decliners, notwithstanding the decline in trade volume. The index, a broad indicator of price movements of all the listed stock, stood at 351.0486 compared with Wednesday's 351.0040.

In all eleven stocks were traded. Of six lost, four gained and one remained unchanged at their previous quoted prices.

Apex Tannery, the lone traded debenture, lost Taka 4.23 to Taka 1010.00.

Beximco Pharma and Apex Tannery declined Taka 2.35 and Taka 1.63 to Taka 182.00 and Taka 146.09 respectively.

Eagle Star, 5th ICB Mutual Fund and 6th ICB Mutual Fund lost within the range between Taka 0.24 and Taka 1.00.

Rupali Bank, ICB Unit Certificate Sales Price, Re Purchase and Petro Synthetic advanced within the range between Taka 0.50 and Taka 1.00.

Quoted Price of Traded Stocks

March 21

| | Face Value | Current Price (Taka) | Change (Taka) |
|----------------------|-----------------|----------------------|------------------|
| Rupali Bank | 100/10 | 96.00 | +1.00 |
| Investment | 5th ICB M. Fund | 100/10 | -1.00 |
| | 6th ICB M. Fund | 95.75 | -0.24 |
| ICB Unit Certificate | Sales Price | 127.00 | +1.00 |
| | Re-Purchase | 122.00 | +1.00 |
| Insurance | Green Delta | 100/10 | 111.00 unchanged |
| Pharma & Chem | Beximco Pharma | 100/5 | 182.00 (-2.35) |
| | Petro Synthetic | 100/50 | 135.00 (+0.50) |
| Textile | Apex Tannery | 10.50 | 34.26 (-0.24) |
| Miscellaneous | Apex Tannery | 100/5 | 146.09 (-1.63) |
| | Debenture | 1000/1 | 1010.00 (-4.23) |

*FV= Face Value, ML=Market Lot

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

50 p.c. industries sick

Star Economic Report

About 50 per cent of existing industrial units, both in public and private sectors, are sick. Industrial sickness has continued in an unabated form, particularly since the eighties. This has acted as the major impediment to industrialisation efforts in the country.

This has been noted by the 14-member Task Force on In-

Industries Minister felicitated

By Staff Correspondent

Bangladesh Chamber of Industries has felicitated Shamsul Islam Khan on his appointment as the Minister for Industries.

Sharif M. Afzal Hossain, Acting President of the Chamber in statement to the press on Thursday, expressed the hope the growth of the industries sector would be accelerated and problems, facing the sector, would be solved under the leadership of an experienced industrialist like Shamsul Islam Khan.

He pledged about cooperation of the Chamber to the new Industries Minister.

Protectionism hits poor states' trade

GENEVA, Mar 21: Protectionism and structural adjustment, a subject concerned by most developing countries, has been debated in the last few days at a meeting of the Trade and Development Board of the United Nations Conference on Trade and Development (UNCTAD) and protectionist measures in major developed countries have been under strong attack, reports Xinhua.

Delegates from developing countries claimed that the slow down of growth in world trade and output during the 1980s, in particular in developing countries was largely attributable to the resurgence and intensification of protectionism in developed countries.

Representatives of developed countries insisted however, that the responsibility for protectionist pressures should not be assigned exclusively to developed countries.

Chinese delegate Lu Tialai complained that China had suffered a lot from trade.

tries, it says in its report.

According to the Task Force, the industries which are found to be capable of recovery should be dealt with in a manner so as to make them viable and profitable. For this purpose, the government may consider setting up a body for rehabilitation of sick industries. This body should be manned by competent officials and there may be built in incentives for such people. An example of such an effort can be found in India, it has pointed out.

The Task Force has recommended that the industries which have become 'structurally uneconomic' should be closed down.

1.3 lakh jobless in Hungary

BUDAPEST, Mar 21: More than 130,000 people are out of work in Hungary now and unemployment could near 20 per cent in some parts of the country by year's end, Labour Minister Gyula Kiss said, reports Reuter.

The Task Force has stressed that the main thrust of future industrial policy should be the removal of sickness of industries. This can be done through proper evaluation and identification of the problems of the sick indus-

tries.

NEW YORK, Mar 21: Real interest rates will remain high in the United States, Germany and Japan in the 1990s. World Bank (WB) Chief economist Lawrence Summers said on Wednesday, reports Reuter.

In a speech to a group of professional economists, Summers said real rates in Japan and the U.S. will remain at about five per cent about the same as in the 1980s. Real rates were likely to move about 50 to 100 basis points higher in Germany.

Summers said real interest rates in Europe registered about four per cent rose during the 1980s.

Reconstruction demand in Eastern Europe and the Middle East would provide upward pressure on rates, he said.

U.S. progress in curbing government spending would mean a likely move towards higher savings and a lower budget deficit.

There has been no indication that the Kuwaiti government's resignation today will affect the new exchange rate plans.

Bankers believe the dinar will probably start trading close to 0.290/0.315 dinars to the dollar against the last



KUWAIT CITY : Kuwaiti Central Bank Governor Salem Abdul Al-Sabah displays a poster showing new bank notes to be put in circulation March 24 during a Press conference at the central bank here. — AFP/UNB photo.

official fixing before the Iraqi invasion of a 0.28744/54.

\$70m for food import

Xinhua reports from Cairo : The Kuwaiti government has allocated 20 million dinars (70 million dollars) to import food and commodities for free distribution to its citizens during the Muslim fasting month of Ramadan, Egypt's Middle East News Agency (MENA) reported yesterday at Kuwait.

"With the security backing the currency, in terms of foreign assets, there should be strong support for the dinar," said a Middle East economist at a UK bank in London.

Kuwait's Central Bank Governor, Sheikh Salem Abdul Aziz al-Sabah, told a news conference on Tuesday that a new exchange rate would be fixed on Sunday near the pre-invasion level.

The government issued 400 import permits to Kuwaiti merchants this week to bring in food and consumer goods to meet the need of the people said the unnamed official.

Claim undermined

AP adds from New York : An airline industry official Wednesday undermined Kuwait's claim to airliners seized by Iraq, saying Kuwait Airways was compensated by insurers.

S. African economy faces crisis

CAPE TOWN, Mar 21: South Africa's Gross Domestic Product (GDP) fell by almost one per cent in the year to March and the government painted a bleak picture on Wednesday of fall in production and increased unemployment in the year ahead, reports Reuter.

The Finance Ministry said in a budget review that mine production and agriculture were down, inflation was holding above 14 per cent, savings were low and unemployment was still rising.

The SAARC Secretariat, Bhargav said, would shortly synthesise the reports from the member nations with the help of Dr Ashfaq Hussain Khan.

Bhargav also visualised the possibilities of a SAARC Chamber of Commerce and SAARC Joint Business Council.

Some more liberalisation measures would be necessary in such areas, Bhargav said adding that

small of an upswing in 1991, the ministry said in the review released as Finance Minister Barend du Plessis began his budget speech in Parliament.

"A further fall in GDP is therefore expected, accompanied by too small an increase in job opportunities and consequently a further rise in unemployment," the ministry said.

It said real GDP fell by 0.9 per cent in 1990, but measured against the population, per capita GDP fell by three per cent. This was double the average annual 1.5 per cent drop in per capita GDP over the past decade.

The rise in exports is good news for the U.S. economy since it is one of the few sectors to show any improvement since the start of the recession in October.

The Commerce Department had initially estimated the December trade deficit to be 6.25 billion dollars.

The trade deficit worsened in January due to a continued imbalance between imports which was 4.8 per cent to 1.48 billion dollars, and exports, which increased 3.5 per cent to 34.49 billion dollars.

On account of the fall in the demand for South African products and an expected further shrinkage in inventories, the chances are

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The January trade deficit totalled 39.58 billion dollars and imports, 33.31 billion dollars.

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