USSR likely to get $500m US agri products

WASHINGTON, Apr 19 : The United States is studying a Soviet request for 500 million dollars in credit to buy US corn and other agricultural products, the White House said Monday, reports AFP.

Soviet President Mikhail Gorbachev appealed for the credit in a letter sent to US President George Bush two weeks ago, a US official said.

"We're discussing it with them but we don't have a decision at this point", White House spokesman Marlin Fitzwater told reporters.

Gorbachev's request comes among growing discontent in the Soviet Union about scarce food and dwindling basic supplies but analysts say the credit proposal is also a strategy by Gorbachev to squeeze a stamp of approval for his policies from the Bush administration.

A group of buyers from the Russian republic are scheduled to travel to Washington by week's end to negotiate credit to purchase local produce for the republic alone.

The request by both the Soviets and Russia puts the Bush administration in a tight spot that will force it to choose between Mikhail Gorbachev and (Russian President) Boris Yeltsin, said William Biederman Vice President of the Brokerage Firm Allendale.

The Soviets, the single biggest importers of US grain in the world, received a billion dollar credit from Washington last December that is nearly used up. But any new Soviet grain imports would help boost sagging grain prices on Chicago markets, analysts said.

USSR-Australia sugar deal in jeopardy

NEW YORK, Apr 19 : Despite a recent statement by the Australian Sugar Board that the long-term contract Australia has with the Soviet Union is still in force, US traders say the 1.5 million-tonne deal is in jeopardy, reports Reuter.

"Something has been changed, said a leading US sugar trader. The USSR can't afford to pay for the sugar and I don't see what other alternative Australia has but to cancel."

The long-term Soviet-Australia sugar deal, negotiated last year, calls for 1.5 million tonnes of sugar to be delivered by Australia to the USSR over five years.

Lanka likely to be biggest tea exporter

COLOMBO, Apr 19: Sri Lanka, whose tea exports rose to 125.6 million kg last year from 204 million in 1989, is expected to take over from India as the world's largest tea exporter this year, brokers said on Thursday, reports Reuter.

"Even though the actual figure is not available, India is unlikely to better Sri Lanka's total," Maxwell Fernando of Sri Lankan Broker Forbves and Walker Ltd said.

Indian tea exports, according to the United Planters' Association of South India, are estimated at 195 million kg in 1990. Trade sources in Colombo said India exported 223 million kg in 1989.

Brokers said Colombo tea exports have risen despite the loss of Iraq as a buyer after it invaded Kuwait last August.

Baghdad was Sri Lanka's second largest tea buyer until Colombo stopped sales under the United Nations embargo.

Brokers said increased buying by Iran, Syria, the Soviet Union and Jordan had helped maintain the momentum at Colombo tea auctions.

South Korea to get OECD membership

PARIS, Apr 19 : A delegation from South Korea is due to meet officials of the Organisation for Economic Cooperation and Development (OECD) on April 25 for further discussions on membership, OECD officials said, reports Reuter.

Several states are considering applications to the OECD, a think-tank which currently groups 24 leading world economies.

"South Korea is definitely ahead of the pack," an official said. But no date, even provisional, has been set for membership. South Korea is already a member of the OECD's shipbuilding working party, full OECD membership, however, would require the unanimous agreement of the current members.

Tk 4,893 cr earned from exports last year

Star Economic Report

Bangladesh earned Taka 4892.9 crore from exports in fiscal 1989-90 export receipts during the year increased by 776.8 crore or 18.9 per cent over the previous year's.

Of the total export earnings receipts under cash, barter and special trade amounted to Taka 4148.3 crore, Taka 477.6 crore and Taka 2267.0 crore respectively, according to a review of export receipts released recently by Statistics Department, Bangladesh Bank.

During the year, the traditional items — jute manufactures, raw jute, and tea fetched Taka 1499.6 crore and non-traditional items fetched Taka 3393.3 crore. Among the non-traditional items, individually readymade garments emerged as the most important one. Its earnings increased by Taka 571.2 crore in 1989-90 as compared to the same in previous year. Readymade garments accounted for Taka 1949.2 crore in 1989-90.

Export earnings from raw jute, leather, and leather manufactures, jute manufactures, fish, hides and skins, furnace oil, naptha and bitumen, handicrafts and other commodities increased while from urea, tea, frog and frog legs and newsprint paper decreased.

The U.S.A was the most potential buyer which bought goods worth Taka 1522.9 crore. The principal items of export to the U.S. A. were readymade garments, fish and jute manufactures. The second largest buyer of Bangladeshi goods was Italy. It purchased goods worth Taka 313.3 crore. The U.K. and the Federal Republic of Germany became the third and the fourth trading partners.

The North American countries topped the buyers list sharing Taka 1593.1 crore of the total exports. The second largest buyer of Bangladeshi goods were the EEC member countries. The centrally planned countries were the third largest buyer block.

The exports of Bangladesh under barter trade (including unrequited exports) amounted to Taka 477.6 crore. The major commodities exported under barter were jute manufactures, raw jute, leather and leather manufactures, tea, readymade garments and hides and skins. The principal trading partner under barter deals were the USSR, Czechoslovakia, Hungary, Bulgaria, the Peoples Republic of China, Poland and Romania.

During the year exports under Special Trade Arrangement (STA) amounted to Taka 267.0 crore as compared to Taka 233.4 crore in the previous year. The main items of exports under these arrangements were leather and leather manufactures, hides and skins, raw jute, jute manufactures and shrimps and prawns. The principal trading partners under the STA were Switzerland, Singapore, Australia, Austria and Federal Republic of Germany.

ZAKHO (Iraq): A Kurdish mother and her children wait for food at the Zakho Turkey-Iraq frontier post where Kurds who fled Iraq during the uprising are now returning to their villages. — AFP photo

India faces worst fiscal crisis

NEW DELHI, Apr 19 : India, staggering under a foreign debt burden of over 70 billion dollars, will not default on its loans or seek a rescheduling of its debt, Finance Minister Yashwant Sinha said here recently, reports Reuter.

"Whatever it needs will be done to ensure that India honours all international commitments and no way shall we allow any default and ask for any rescheduling", he told reporters.

Sinha, who returned after a five-day trip to Tokyo and Hong Kong, said Japan had agreed to grant India 500 million dollars to meet the country's current liquidity crunch.

India is facing its worst fiscal crisis at a time of unprecedented political instability following the fall of two minority governments in the last 16 months.

The political crisis led to the suspension of talks with the International Monetary Fund (IMF) for a second loan and to the downgrading of the country's credit-rating. It also ruined possibilities for further commercial borrowing from overseas banks.

India's half-billion electorate go to the polls at the end of May and IMF talks for a two-billion dollar upper tranche loan will resume when the new government approves a budget, Sinha said. India received 1.79 billion dollars from the IMF in January.

Sinha said the only option open to the country was to conserve its foreign exchange reserves, estimated at about two billion dollars and barely enough for a month's imports.

He said moves by India's central bank in March to drastically reduce credit to importers to maintain foreign exchange would continue even if it led to the slowdown in the economy.

"I don't want to leave totally empty coffers. If I don't return to this ministry, I don't want my successor to feel he has been put in a situation without any breathing space", he said.

India will also step up efforts to get its exporters to bring back foreign exchange earned from their transactions.

Sinha declined to provide details of India's immediate debt obligations, but bankers said it stood at around four billion dollars in six-month bank acceptances and other short-term loans.

"We are not heading for a debt-trap. Our foreign debt is large and the signal is we should control ourselves", Sinha said.

"The impression I got with bankers in Tokyo and Hong Kong was there was no panic. They are aware of the basic strengths of the Indian economy and India will not go down under because of a billion or a couple of billion dollars", he said.

He said the 500 million dollar aid package from Japan, which included 150 million to meet imports of crude oil and petroleum products, would be disbursed by the end of the month.

US may win bigger share of GCC

DUBAI, Apr 19: The United States is expected to win a bigger share of the lucrative Gulf Cooperation Council market because of its role in the liberation of Kuwait, diplomats said, reports AFP.

They said stronger political ties would prompt Kuwait and its GCC partners — Saudi Arabia, Bahrain, Qatar, Oman and the United Arab Emirates — to increase trade with the Americans.

GCC countries are expected to reward the US for its leading role in the liberation of Kuwait by importing more American goods and granting them business contracts, one diplomat said.

"This is already clear in Kuwait's decision to give U S firms a large share in rebuilding, he added.

GCC nations are already major markets for the U S and were listed among its six biggest trade partners in the past 10 years, according to figures released recently by the so-called U S Business Council based in Dubai.

It said in a statement that U S exports to the Gulf reached 80 billion dollars during that period which means the creation of 2.5 million jobs in the United States.

The exports included mainly equipment, machinery, vehicles, services and other advanced light and heavy industrial products. The GCC is also a major importer of U.S weapons.

Oil comprises the bulk of U S imports from the GCC, and instability in crude prices has made trade between the two sides largely unsteady.

It stood at 29 billion dollars in 1981, when oil prices peaked above 40 dollars but plummeted to nine billion dollars in 1985 when prices fell to below 15 dollars and some GCC countries cut imports due to the nearby Iran-Iraq war.

The latest U S statistics showed such trade increased to 13.2 billion dollars in 1989 from 11.4 billion dollars in 1988 as a result of a rise in American exports.

There is a need to boost these exports through bolstering the competitiveness of American products in such an important market as the GCC, the U S Business Council said.

In a bid to achieve that goal, the council is organising a major US trade fair in Dubai next month, in which 600 American companies are expected to participate.

The fair will enable these companies to meet local businessmen and promote their products. It is one of the best methods to do business, the council said.

The diplomats believe an expected GCC tendency for stronger armies after the Gulf crisis as well as development projects and post-war reconstruction will further bolster the economic relationship between the two sides.

GCC states are expected to spend billions of dollars on defence and projects to develop their oil industry, one diplomat said.

US trade deficit cut by 25 p.c.

WASHINGTON, Apr 19 : Cheaper oil and a reduced flow of imports cut the US trade deficit by about 25 per cent in February to 5.33 billion dollars, its lowest level in more than seven years, the US Commerce Department said yesterday, reports Reuter.

The smaller than expected monthly gap between US exports and imports followed a revised shortfall of 7.16 billion dollars in January, which the department had previously reported as seven billion dollars.

While the lower monthly deficit was encouraging for the US trade balance, economists said it was caused chiefly by lower oil prices and a recession-induced drip in US demand for foreign goods, both of which are short-termfactors.

Unfortunately, this is not the best way to improve the trade deficit, said Lawrence Chimerine, Senior Economic Counsellor at Dri/ Mcgraw Hill in Lexington, Massachusetts.

The trade gap has been narrowing since 1987 when it hit a record 152 billion dollars.

The shortfall for 1990 was 101.01 billion dollars. If the monthly gap for the rest of the year continued at the same rate as January and February, department official estimated the deficit for 1991 would be about 75 billion dollars.

Demand for American goods abroad has been an area of strength in the recessionary US economy, especially in Europe where a cheaper dollar has priced American products more competitively.

Iraq to seek higher OPEC output quota

NICOSIA, Apr 19: War-ravaged Iraq plans to press OPEC to increase its crude oil production quota, reports Reuter.

Iraq's pre-war export quota of three million BPD (barrels per day) was not enough for its needs, Prime Minister Saddoun Hammadi told the Baghdad weekly Alef Ba'a.

Iraq will explain that and will demand and work within the legal framework of OPCE to have a higher oil production quota for Iraq than before the war, he said.

Even before 1990, Iraq was operating on austerity budgets because revenue from oil did not cover the cost of foreign debt incurred during the 1980-88 war with Iran, Hammadi added.

The interview was reported by the official Iraqi news agency on Wednesday.

UN trade sanctions halted Iraq's exports soon after its invasion of Kuwait. Gulf war ceasefire terms envisage their resumption, impounding a share of oil earning for reparations but making allowance for foreign debt payments and civilians needs.

Iraq asked the UN Secrity Council on Tuesday for permission to sell nearly a billion dollars worth of oil on the open market to duy food.

Boosts agriculture to beat UN trade sanctions

Another report adds: Iraq is offering farmers higher prices for crops as part of a nation-wide campaign announced on Friday to improve this year's harvest and beat a United Nations trade embargo, reports Reuter.

Agriculture and Irrigation Minister Abdul-Wahab Mahmoud Abdullah al-Sabbagh said the campaign was launched under the slogan: "Agriculture... a weapon in the hands of the leader for thwarting the economic embargo."

The Iraqi News Agency (INA) quoted him as saying Saddam Hussein was personally involved in supporting the scheme.

A global trade ban was imposed on Iraq four days after its August 2 invasion of Kuwait. After its troops were driven from the Emirate, Baghdad was allowed to import food and some other essential items but its trade is still disrupted by UN restrictions and the effects of the war.

Sabbagh said the government was providing farmers with all the petrol they needed, although it is rationed for others.

Baghdad was sending tractors and other equipment to farms on a rotation system and a committee formed to prepare for the next harvest, he said.

The ministry was working to restore agricultural and irrigation services and rehabilitate dams, severely hit by US-led allied bombardment during the Gulf war that ended on February 28.

China devalues Yuan against US Dollar again

BEIJING, Apr 19 : China has again devalued the Yuan slightly against the US Dollar, the fourth small adjustment of the currency in 10 days, the State Administration of Exchange Control said, reports Reuter.

An official of the arm of the Central Bank said one US Dollar was now worth 5.2715 Yuan, down 0.17 per cent from the 5. 2626 set on Thursday. Thursday's rate was in turn a one tenth of a per cent devaluation from the day before. The official, speaking by telephone, declined to give a reason for the change. Western diplomats and economists said China wanted to make the Yuan more responsive to market changes.

Before the latest round of small changes, China's policy had been to make larger but less frequent adjustments to the currency's value. The Yuan was devalued by 9.57 per cent in November 1990 and by 21.2 per cent in December 1989.

The State Administration of Exchange Control, an arm of the Central Bank, has declined comment on current exchange rate policy.

But economists said Beijing has been eager to boost exports and cut state subsidies to often unprofitable export companies. A devaluation would help achieve both of those goals, they said.

GENOA (Italy) : The Cypriot tanker 'Haven' which had been on fire since an explosion on board on April 13 sinks early April 14 less than a mile off this Italian port. The tanker went down with about 85,000 tonnes of heavy Iranian crude oil still in its tanks. —AFP photo

Snippets

UN urged to allow Iraq to sell oil

LONDON, Apr 19: Iraq's plea to the United Nations to be allowed to sell oil to pay for essential imports covering a four month period exports of 400,000 to 600,000 barrels per day (BPD), Iraqi and western oil industry sources said on Wednesday, reports Reuter.

The Baghdad government, in a letter to the UN Security Council, asked for permission to sell crude oil to help raise 942.5 million dollars to pay for the goods.

UN-imposed sanctions against Iraq for its invasion of Kuwait in August 1990 included a ban on oil sales and exports.

US ready to penalise Japan

WASHINGTON, Apr 19: A US trade agency has recommended that Japanese firms be kept out of American public construction projects if Japan does not further open its construction work to American firms, administration officials said yesterday, reports Reuter.

The US trade representative's office has until May 1 to determine if Japan has abided by a 1988 agreement to drop its restrictions on foreign firms bidding on many of the big construction contracts planned or underway in Japan.

If no progress in made, the officials said, the administration would then announce its retaliatory steps to block Japanese firms from bidding on public transportation, energy and water projects.

US Dollar trading higher against Yen

TOKYO, Apr 19: The US Dollar was trading higher against the Japanese Yen at late morning Friday, while share prices on the Tokyo Stock Exchange fell moderately, reports AP.

After opening at 137.60 Yen, the Dollar was changing hands at 137.95 Yen at 11:30 am (0230 GMT), up 1.68 Yen from Thursday's close of 136.37 Yen. In New York, the currency closed at 137.83 Yen Thursday, according to the Bank of Japan.

On the stock exchange, the Nikkei Stock Average of 225 selected issues shed 117.37 points, or 0.44 per cent, closing the morning session at 26,681.53. The index lost 181.47 points on Thursday.

The benchmark North Sea Brent crude oil for June delivery was traded 20.05 Dollars a barrel at midmorning, slightly higher than overnight closing levels in New York.

Prospect of economic order bleak

LONDON, Apr 19: The United States is finding that putting together a coalition to run the new world economic order is more difficult than winning the Gulf war, reports Reuter.

US appeals to extend the allied unity that won the war into the economic sphere are mostly falling on deaf ears as Germany and Japan signal a desire to go their own way.

Disputes over who should pick up the bill for the new order, and even what its main goals should be, have dogged US Treasury Secretary Nicholas Brady during the first half of a 12-day tour of Europe and the Middle East.

California lottery may set new record

SANFRANCISCO, Apr 19: California's lottery jackpot passed the 100 million Dollar mark yesterday and was expected to set a new US record of around 120 million Dollars by the evening drawing, officials said, reports Reuter.

The jackpot, which can be won by picking six numbers out of a possible 53, was certain to top the current US record of 115.58 million Dollars awarded in Pennsylvania's lottery in 1989, said spokesman John Schade.

Five hours before the drawing in Sacramento, the state capital, people were lined up in stores around California, waiting to buy one-Dollar tickets.

Poland, Hungary to get EC membership

LUXEMBOURG, Apr 19: European Community (EC) Foreign Ministers agreed here Monday to brighten the prospects of EC membership for Poland, Hungary and Czechoslovakia, reports AFP.

They also agreed to accelerate efforts to set up a single free trade area with Iceland, Norway, Sweden, Finland, Switzerland and Austria, which currently make up the European Free Trade Association (EFTA).

The EC Ministers made several concessions to the three formerly communist countries, which are currently negotiating an association accord with the community.

Weekly commodity markets relatively stable

LONDON, Apr 19: North Sea Brent crude prices rose to their highest level for a month this week, supported by news of large drops in United States stocks of crude oil and gasoline, reports AFP.

The rest of the commodity markets were relatively stable, aluminiums fall to a 14-month low as a result of high stocks being the only highlight of trading on the London Metal Exchange (LME).

GOLD : Easier after steady start. Gold prices passed the 360 Dollars per ounce mark for the first time in two weeks, supported by concerns that the situation in the Soviet Union could affect production and by the absence of producer sales.

SILVER and PLATINUM: Quiet. Silver prices moved in a narrow band around the four Dollars an ounce mark, while platinum firmed slightly.

The situation in the Soviet Union had alternating influences on the market, as operators put emphasis either on the threat of the strikes reducing production or on the prospect of increased sales due to a shortage of hard currency.

COPPER: Steady. After dipping lower early in the week, copper prices recovered to around previous levels. LME stocks at a seven-year high encouraged the initial downturn, but prices recovered as a number of operators took up previously established options. Traders said the rally had little to do with reports of a railway strike between Zambia and Tanzania, as copper supplies had been diverted through South Africa.

TIN: Quiet. Tin prices continued to move in a narrow band close to previous levels.

ALUMINIUM: Easier. Aluminium prices slipped, falling to anew 14-month low as high-cost producers in Europe failed to follow Italian producer Alumix's lead in making cutbacks in response to surplus production and depressed prices.

NICKEL: Stable. Nickel prices moved in a narrow band around previous levels. Sources at Soviet nickel producer Norilsk said that the previous week's strike will not affect Soviet nickel shipments to the West this season.

COFFEE: Quiet. The reopening of Brazilian export registrations had no impact on prices, which moved in a narrow band.

SUGAR: Easier after steady start. Prices advance Monday in the wake of New York, but then resumed a downtrend due to a lack of activity on the physical market.

OIL: Firmer. Brent crude, the benchmark for North Sea oil, firmed steadily, supported at the beginning of the week by fears of a strike in the Norwegian sector of the North Sea.

RUBBER: Easier. A lack of activity coupled with adequate supplies continued to push prices lower.

Trading on the London rubber futures market, opened less than a year ago by the futures and Options Exchange (FOX), were suspended due to lack of activity. A restart to trading will only take place if conditions improve.

GRAINS: Quiet. Wheat futures recent rise slowed, while barley prices remained steady. Canada, the world's third-largest wheat exporter after the United States and the EEC, indicated that it was prepared to immediately restart grain sales to Iraq.

The USDA lowered its estimate of US wheat stocks in 1990-91 to 24.39 million tonnes from 26.05 tonnes, which however remains sharply higher than the previous year's figure of 14.6 million tonnes.

ZINC: Slightly firmer. Zinc prices demonstrated a greater sensitivity to the Faro developments than lead which has passed through the peak demand period. Traders said the strike was likely to increase tightness in the concentrates market.

TEA: Steady. Strong demand was noted at the weekly auction where average prices advanced from 260 to 275 pence for quality grades and from 112 to 114 pence for medium grades. Low medium grades slippe back to 75 pence against 78 pence the previous week.

WOOL: Stable. Prices remained firm at the most recent sales, but the recent rise seemed to be slowing.

COTTON: Steady. The price index progressed on the liverpool market, where demand was expressed for supplies from Africa, the United States, Spain, Soviet Union, Turkey, Pakistan and Israel. In New York prices were supported by fears