

Private airline allowed to compete PIA

ISLAMABAD, May 28: The Pakistani government on Monday allowed the Aga Khan Foundation for Economic Development (AKFED) to set up a private airline in the country to compete with the state-run Pakistan International Airlines (PIA), reports Reuter.

The new airline will initially run only domestic passenger and cargo flights but could be allowed to fly on international routes after two years' satisfactory service a spokesman said after a meeting of Prime Minister Nawaz Sharif's Cabinet.

The AKFED already running airlines in Italy and Spain, was found "the most suitable" of 16 parties which had applied for permission to set up the private airline, he said.

BCI chief hails industrial policy

Star Economic Report
Bangladesh Chamber of Industries President A. M. Subid Ali has hailed the features and principles on "industries policy" adopted at a meeting on May 23 under the chairmanship of Acting President Shahabuddin Ahmed.

The Chamber President said if the industries policy was formulated and implemented on the basis of this principles there would be a revolutionary change in the industries sector and the industrialisation would be quickened.

All urged the government to announce immediately the proposed principles of industries policy. He also demanded announcement of industries policy based on those principles.

Moderate fall in share trading

Star Economic Report
Dhaka Stock Exchange (DSE) witnessed a moderate fall in transactions on Tuesday.

In volume terms it went down to 2,685 from Sunday's 3,257. Traded issues valued Taka 1,04,265.00. It was Taka 2,98,835.00 on Sunday.

Trading remained close on Monday for Buddha Purnima holiday.

Advancers and decliners were equal in number. But decliners involved more transactions in value terms. As a result, the DSE All Share Price Index went down to 343.3252 points from Sunday's 343.5826.

Index is the broad indicator of price movements of all the listed stocks.

Transactions involved twenty stocks. Of them seven lost, seven gained and six remained unchanged at their previous quoted prices.

Rahman Chemicals and Chittagong Vegetable declined Taka 3.00 and Taka 2.00 to Taka 49.00 and Taka 98.00.

Rupali Bank, 2nd ICB Mutual Fund, Quasem Drycell, Oxygen and Beximco lost within the range between Taka 0.10 and Taka 1.00.

Peoples Insurance moved up Taka 3.00 to Taka 120.00.

National Tubes, 4th ICB Mutual Fund, 5th ICB Mutual Fund, Dhaka Vegetable, Quasem Silk and Talu Spinning advanced within the range between Taka 0.05 and Taka 1.00.

Quoted Prices of Traded Stocks

Table with columns: Stock Name, Price, Change. Lists various stocks like Aman, Rupali Bank, etc.

Dhaka Stock Exchange Market Profile

Summary statistics for Dhaka Stock Exchange: 134 Listed stocks, 7 Gains, 7 Losers, 120 Unchanged.

Scheme to protect borrowers from exchange rates depreciation soon

Star Economic Report

The government will reintroduce Exchange-Rate Fluctuation Absorption Scheme (EFAS).

The seventh meeting of the consultative Committee of Ministry of Industries was held at its meeting Tuesday at a city hotel with State Minister for Industries Shamsul Islam in the chair.

The EFAS scheme, introduced in 1983 to protect the borrowers of industrial credits or term loans from risks involved in repayment, was suspended in 1988 after five years in operation.

The exchange rate fluctuation factor, arising from successive devaluation of Taka, caused the loan burden to assume an inflated value in local currency making it difficult for most operators to make re-

payments. The chamber bodies have since long demanded the reintroduction of the scheme.

Ministry of Industries, in its comments in the working paper, incorporating various proposals of chamber bodies and trade associations for consideration at the seventh meeting of its Consultative Committee, said that the government would soon reintroduce the EFAS.

The private sector representatives pressed for its early introduction stating that many industrial units, set up with the support of foreign credits, have lost their viability because of the depreciation of Taka by a substantial amount over the years. The crunching burden of debt liabilities is so high that the 'aided' units have turned

sick and are not capable of servicing their debts, they noted. They termed the exchange rate fluctuation risks as the main reason for default in repayment of industrial loans in many cases.

The assurances of the government about the reintroduction of EFAS were welcomed by the functionaries of the chamber bodies including the Federation of Bangladesh Chamber of Commerce and Industries (FBCCI), Dhaka Chamber of Commerce and Industries (DCCI) and Bangladesh Chamber of Industries (BCI).

But the proposed premium rate for EFAS caused a controversy in the meeting of the Consultative Committee of Ministry of Industries. The

representatives of the private sector strongly resented the proposed hikes in premium rates to six per cent of the amount covered from earlier 2.5 per cent.

For the industrial operators, it will be difficult to meet the charges at such a high rate when the rates of interest on industrial credit funds are also high, they noted. The government, they suggested, should not force the costs of industrial operations to go high when operating industries with a reasonable rate of return has become a formidable challenge in almost all sectors.

Managing Director of Bangladesh Shilpa Bank (BSB) Abdul Karim told the meeting that the increase in premium rates would necessitate by

the fact that the Bangladesh currency was depreciated in the intervening period. He said that at the old rate of premium, it will not be possible to operate the scheme on a viable basis, he added. BSB will be administering EFAS when it is reintroduced.

But, the chamber representatives responded to the statement of BSB Managing Director by noting that the very purpose of EFAS was to protect the industrial borrowers from the risks of exchange rate fluctuations and certainly not to burden them with an extra load in the name of depreciation.

At this stage, a senior official of Ministry of Finance intervened to explain the situation. The government had to

subsidise EFAS to the extent of 3.5 per cent of its cost in terms of the sum covered when it was operational. This amount was in addition to 2.5 per cent premium rate, he added while stating that the government would be in no position to subsidise EFAS on its reintroduction.

Executive Chairman of Board of Investment Habibur Rahman told the meeting that various operational aspects of EFAS were under consideration. There is yet nothing final about its operational shape, he said while noting that further round of discussions between the representatives of the private sector and the officials of Bangladesh Bank as well as BSB could be held to resolve any issues about the scheme.

Implementation of industrial policy discussed

Star Economic Report

The Consultative Committee of Ministry of Industries will meet, from now onwards, at least once in every four months to discuss inter-related problems in areas of industrial operations.

This was announced by State Minister for Industries Shamsul Islam at the seventh meeting of the Consultative Committee of the Ministry on Tuesday at a local hotel.

The announcement by the State Minister came following the demands of the representatives of the private sector for monitoring the implementation of the industrial policy. All the industrial policies, announced so far by the successive governments in the years after the independence, were fine in their form and content but each one failed to attain the cherished objectives because of lack of commitment by all those involved in industrial promotion efforts to its implementation, they observed.

Most implementation problems can be resolved through discussions and, for this matter, the Consultative Committee should meet more frequently to identify the areas for plugging the holes in the implementation process, they

suggested. The State Minister for Industries accepted the proposal of the representatives of the private sector.

The State Minister told the meeting that the draft 'new industrial policy' had already been framed and it would soon be announced after finalisation.

The consultative committee heard the deliberations on various issues like credit sanctioning and disbursement arrangements, protection to domestic industries, recovery of industrial sickness, anomalies in tax and tariff structures, disinvestment programme and the role of Board of Investment.

In all, 390 proposals were placed by the representatives of the private sector including those from the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka Chamber of Commerce and Industry (DCCI), Narayanjanj Chamber of Commerce and Industry (NCCI), Foreign Investors Chamber of Commerce and Industry (FCCI), Chittagong Chamber of Commerce and Industry (CCI) and other related

trade promotion organisations and trade associations.

The suggestions were wide-ranging in nature. There were strong demands for making Board of Investment as an effective package permission authority. Some pointed out that the BOI had failed to live up to expectations of the industrial entrepreneurs.

The representatives of the private sector demanded that the government must not follow "an obliging" policy to appease the World Bank for getting funding support from it. The domestic industries need effective protection, they stressed. Suggestions were made for running the disinvested units under the holding company scheme run by the sector corporations as separate corporate entities with full authorities given to their Boards of Directors. The disinvested units under the holding company scheme are being run in the same old manner, some representatives observed while terming them as 'old wine in a new bottle'.

The functionaries of the chamber bodies also demanded enactment of anti-dumping laws to protect the interests of the domestic industries from uneven competition from foreign goods. Sectoral problems in areas of textiles, specialised textiles, jute mills, frozen food and deep sea fishing, small scale industries and also others were highlighted in the meeting, calling for urgent corrective steps by the government. Some representatives resented 'inaction' of the government and the banks to extend support various industrial units in the areas, affected by the cyclone and tidal surge.



A recent book exhibition, entitled "The Edge of Technology," was held at the Bangladesh University of Engineering and Technology (BUET) library. The exhibit included 284 books, 162 journals, and 95 catalogues on engineering, agriculture, chemistry, botany, ecology, forestry, geology, physics, electronics, telecommunications, and mathematics. The display was jointly organised by BUET and the US Information Service (USIS) American Center. Dr. M Shahjahan, Vice Chancellor of BUET(center), inaugurating the exhibition while Diana Carroll-Wirth, Director, American Center, looks on. —USIS photo

Imported labour likely to curb HK inflation

HONG KONG, May 28: The Hang Seng Bank (HSHG-HK) has called on the Hong Kong government to relax restrictions on importing foreign workers to alleviate a labour shortage it says at the heart of the colony's double digit inflation, reports Reuter.

A monthly report issued by the bank said the inflation rate, up 13.9 per cent in April over the same month a year ago, had been aggravated mainly by domestic factors in-

cluding labour costs as Hong Kong shifts to more labour intensive service industries.

"A more liberal policy on selective importation of labour would certainly help alleviate the structural tightness of the labour market," the report said.

The Hang Seng Bank is 61.48 per cent owned by the Hong Kong and Shanghai Banking Corp.

The report welcomed efforts by the private sector to keep this year's salary increases to around 12 per cent and said last Friday's one point rise in lending rates would also help.

But it said the government should tighten its grip on public spending and relax regulations on importing labour if inflation, the highest in 10 years, was to be curtailed.

Hong Kong has been reluctant to relax immigration restrictions because of the potential effect on domestic wages and political sensitivities.

131 oil wells capped in Kuwait so far

ISFAHAN (Iran), May 28: Firefighters in Kuwait have extinguished 131 of more than 500 oil wells set ablaze by retreating Iraqi troops, Kuwaiti Oil Minister Hamoud Abdulla al-Raqba said, reports Reuter.

"As of yesterday 131 fires had been put out," Raqba said on the opening day of an international conference hosted by Iran's oil and foreign ministries.

He said Iran had joined efforts to extinguish the fires, lit by Iraqi forces at the end of the Gulf war in February.

Kuwait sources in Isfahan said the Kuwait oil company signed a deal on Sunday with the national Iranian Oil Company to supply a team of firefighters.

Iran gained experience putting out oil fires during its 1980-88 war with Iraq. Iranian technicians surveyed the Kuwaiti fires earlier this month.

Raqba gave no estimate of when Kuwait would start pumping oil again at significant levels.

115 Pak units selected for auction

ISLAMABAD, May 28: Pakistan's state-owned industrial sector is up for sale and Prime Minister Nawaz Sharif's government hopes to raise billions of Dollars for much-needed development, reports Reuter.

As many as 115 of the 1150 state-run industrial units have been selected for auction since Sharif took office in November and made privatisation the main plank of his economic programme to revive a stagnant economy. "Eventually everything will go," Saeed Qadir, head of the government's privatisation commission, told Reuters in an interview.

It is to be done in the shortest possible time. And we think in the next three to four months all the industries will be unloaded, Qadir said.

Many of the state-owned enterprises are bloated and losing money and the government wants to get rid of them to reduce pressure on the state budget.

One of the six state owned banks was sold in January and at least three others are expected to follow suit. The

funds, generated by the sales will be kept in a special account with the Ste (central) Bank to be used for development purposes under the instruction of the Prime Minister, he said.

The nation's telecommunications corporation, put on sale last week is alone valued officially at between three and five billion Dollars.

Government experts are studying private foreign participation in a Soviet-built steel mill, the country's largest industrial unit, and oil refineries, government officials said.

We are creating a model of our own. In fact, I expect that other countries will be following this after our success, Qadir said.

Qadir said the government decided against the common privatisation methods of unloading stock management buyouts, employees buying shares and taking control and sale through private negotiations with existing larger groups.

Exchange Rates

Table showing exchange rates for various currencies like US Dollar, UK Pound Sterling, etc., as of May 28.

Price Barometer Essentials

Table listing prices for various commodities like Rice, Vegetables, Fish, etc., as of May 28.

Snippets

Fund for war hit states likely

TOKYO, May 28: Japan and other industrial nations are considering setting up a reconstruction fund for countries hard hit by the Gulf war, Finance Ministry officials said today, reports Reuter.

The fund is likely to be managed by the World Bank but other options include establishment of a Middle East reconstruction and Development Bank, they said.

Supervisors of Chile mine to vote on strike

SANTIAGO, May 28: Supervisors at El Salvador, the smallest of Chile Copper Corp (Codeco)'s divisions, rejected the company's final pay offer and will vote on Monday whether to strike or not, the newspaper El Mercurio reported, says Reuter.

The newspaper said 150 of the 250 supervisors had rejected medical and travel provisions in the two-year contract proposed by Codeco, the world's largest single copper producer.

A Codeco executive said a supervisors strike would have no effect on production at Codeco's least profitable mine, but would worsen an already charged labour climate as pay talks get under way at larger mines.

Zurich gold opens shade firmer

ZURICH, May 28: Gold opened mildly firmer but dealers said trade was likely to be minimal with both the London and New York markets closed for holidays, reports Reuter.

The same ranges are still valid, 353-358 Dollars for gold and about 4.03-4.08 Dollar for silver," one dealer said. The only factor likely to move the market was fluctuations in the Dollar, he added.

Gold opened at 356.35/85 Dollars an ounce after closing on Friday at 355.75/356.25. Silver slipped two cents to 4.04/06 Dollars. Platinum was unchanged at 390/391 Dollars.

Chile exports a record \$ 896m

SANTIAGO, May 28: Chilean exports totalled a record 896 million Dollars in April, up from 850 million Dollars in the same month last year, the central bank, reports Reuter.

Exports in the first four months of the year total 3.1 billion Dollars compared to 2.8 billion in Jan-April 1990.

Meanwhile, imports have slowed, providing and accumulated trade surplus of 370 million Dollars so far this year, compared to 287 million Dollar in the first four months of 1990.

Chilean exports totalled 8.3 billion in 1990 and the government's goal is to export more than nine billion this year.

30 states to talk free market

PRAGUE, May 28: Some 30 former heads of state, Prime Ministers and senior government officials will meet in Prague this week to discuss the transition of communist planned economies to a free market, the state news agency CTK said on Monday, reports Reuter.

Czechoslovak President Vaclav Havel will open the three-day session of interaction council, a non-governmental organisation founded in 1983, on May 30.

\$70m ADB loan for China okayed

MANILA, May 28: The Asian Development Bank (ADB) announced Tuesday the approval of a 70 million Dollar loan to China ending a near two-year freeze on normal lending since Beijing crushed a pro-democracy movement in June, 1989, reports AFP.

The loan, for a bridge project in Shanghai, was approved shortly after US President George Bush announced he would renew China's most favoured nation status.

Firms apply for incentives in E Germany

BONN, May 28: Firms investing in East Germany have applied for 10 billion Marks of incentives since a scheme started just over a year ago, Economics Minister Juergen Moelleman said, reports Reuter.

Moelleman said in a statement that some 95,000 requests for 10 billion Marks of funds had been received so far, if these were met it would provide for total investment of 20 billion Marks and create a total of 300,000 jobs, he said.



Executive Vice President of Delta Life Insurance Company Md Manirul Alam handing over a cheque for Tk. 3,50,000 to Sakina Parvin, wife of late ASM Mahbubul Huq, Assistant Vice President of City Bank Limited on account of the deceased's group insurance claim. Md Foz and AHM Nazmul Quadir, Senior Vice President and Vice President respectively of City Bank are seen in the picture.