

Value-added tax from July 1

Star Economic Report

The Value Added Tax (VAT), to be introduced from July 1, 1991 under the forthcoming national budget, will replace sales tax which now accounts for 12 per cent of total tax receipts of the government, according to official sources.

Besides, about 43 per cent of existing earnings in the form of excise duty will come under the fold of this manufacturer-cum-import level Value Added Tax.

Excise duty contributes to about 35 per cent of total tax receipts now. This duty is narrowly based and is dominated by three categories of goods - tobacco, gas and POL (Petroleum, Oil and Lubricants).

After the VAT is introduced, the share of excise duty will be substantially cut and about 15 per cent of total tax earnings will come from areas which are now covered under excise duty. Gas production and cigarette manufacturing will remain outside the domain of VAT at its beginning.

The council of ministers decided at a recent meeting for introducing the VAT, replacing a large component of sales tax on imports and many domestic excises.

Much of the revenue benefits of the VAT are expected to be realised after the first two years of implementation, though its immediate revenue impact is considered neutral, according to the World Bank in its latest country economic memorandum.

The bank observed, past instability in sales tax yields will be resolved through its replacement by the VAT. It however, warned that the critical element for a favourable impact of the VAT will be its smooth implementation and improvements in tax collection procedures.

Pacific rim coal confce from June 10

Star Economic Report

Indonesian Coal Mining Association will hold the 6th Pacific rim coal conference in Bali from June 10 to 12. Director General of Mines Engr. Kostim Gandataruna announced in Jakarta on May 24, a press release issued by the Embassy of Indonesia in Bangladesh said on Thursday.

The conference will be attended by most senior representatives from coal mining trading and consumer groups from around the world.

Marked rise in share trading

Star Economic Report

The week ended at Dhaka bourse on Thursday with a marked rise in share trading. In volume terms it went up to 6,555 from Wednesday's 750. Traded issues valued Taka 4,10,001.00 compared with Wednesday's Taka 79,340.00.

Advancers and decliners were equal in number. But decliners involved more transactions in value terms. As a result, the Composite Index of Dhaka Stock Exchange (DSE) went down to 342.2432 points from the previous day's 343.4358.

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

Transactions involved twenty-eight stocks. Of them ten lost, ten gained and eight remained unchanged at their previous quoted prices.

Bengal Food and Karim Pipes lost Taka 20.00 and Taka 11.52 to Taka 147.00 and Taka 110.48 respectively.

Quoted Prices of Traded Stock

May - 30

Stock	Price	Change
Chg Vegetable	100/10	96.25 (+0.75)
Dhaka Vegetable	100/5	145.50 (+0.10)
Flour & Power	100/10	47.18 (+3.32)
Pharmaceuticals	100/5	72.00 unchanged
Paper & Printing	100/10	90.00 (+11.00)
Textile	100/10	111.34 (+0.66)
Tobacco	100/5	9.83 (+0.03)
Chittagong Cement	100/5	142.50 unchanged
Monro Cement	100/5	145.00 (+4.50)
Umaneta Glass	100/5	131.00 (+1.00)
Deshamata	100/5	99.00 (+0.20)
Betomco Pharma	171/1	1725.00 (+6.00)
Bengal Food	100/5	147.00 (-20.00)
Karim Pipes	100/5	83.00 unchanged

Dhaka Stock Exchange Market Profile
May - 30

134 Listed stocks

- 10 Gains
- 10 osers
- 128 Unchanged

114 Unchanged stocks include eight traded on the day at their previous quoted prices.
DSE All Share Price Index = 342.2432
Issued Capital = Taka 10,146,289,601.00
Market Capitalisation = 9,779,688,463
Turnover = Taka 4,10,001.00 (Value) 6,555 (Volume).

Smugglers at Gohira come alive again

From Nazmul Ashraf

ANWARA (Chittagong), May 30: Smugglers have reportedly reactivated themselves to use their old transit of Gohira in Anwara upazila, one of the smuggling zones in Chittagong. Smuggling operations were disrupted for several weeks, following the April 29 cyclone and tidal bore. But the illegal or informal trade in foreign goods including tobacco and wine resumed at the Gohira-transit, sources said.

Well known as a 'heaven for the smugglers', Gohira however wears a battered look now. The catastrophic cyclone and tidal surge ravaged the area, claiming many lives and leaving the survivors without valuables including stocks of illegal or smuggled goods. Gohira was richer than other areas in the upazila, local people claim. Most people there had their golden days with good earnings from an elaborate and thriving smuggling network in the pre-cyclone days.

A large number of Gohira's inhabitants, as the local sources noted, lived on this illegal occupation. They used to carry smuggled commodities from the ships at the outer anchorage in the Bay of Bengal to Chittagong city. There were many warehouses including those underground along the coastal belt in the area for transshipment purposes.

Sources said, ship-loads of banned items await at the outer anchorage in the sea. Local people, working as middlemen couriers, carry the goods from ships to shore by trawlers and boats. From

there, they despatch the goods to the city, using the warehouses. And such operations fetched them good earnings. Illegal trade groups in the metropolis have well connections with the locals. Besides, a few locals also operate the whole business for themselves.

The warehouses were damaged by inundation of surging water during the catastrophe. But now again, the operators in illegal trade have resumed their business. While I visited the area last week, many local people confessed their involvement in smuggling operations before the cyclone struck the coastal zone. They said on condition of anonymity that they had nothing to do for survival. They also alleged that relief operations had so far been very scanty in the locality.

Iraq for fresh ties with OPEC partners

BAGHDAD, May 30: Iraq's Oil Minister, seeking to end his country's isolation, said here, he planned to attend a major OPEC meeting next week in Vienna, reports AFP.

It would be the first time since the Gulf crisis erupted in August.

Al-Hiti said Iraq, whose oil installations were damaged by Allied bombing during the Gulf war. Can now produce 700,000 barrels of oil per day and will produce 1.6 million barrels daily at the end of the year.

"Everything can be solved through dialogue and understanding each other," Ussam Abdel Razzak Al-Hiti said, adding Iraq officials would attend in the spirit of a dialogue and "in an open-minded mood."

Al-Hiti, meeting with foreign journalists, invited the other 12 members of the Organisation of Petroleum Exporting Countries (OPEC) to adopt the same approach and pleaded for the removal of economic sanctions against Iraq, including those on oil sales.

It is not good for the stability of the region that Iraq is not authorized to have normal relations and deal with the rest of the world," Al-Hiti said.

Iraq will also ask for the help of other OPEC members to compensate for the loss of earnings during the 10 months it has not been able to sell its oil, he said.

Asked about the most desirable price for oil, he said, "we hope that our partners study carefully the supply and demand question to reach the right price for oil."

His namaj-e-janaja will be held after Jumma prayer at Gulshan Central Mosque today (Friday). Kul khwani of A S Alam will be held on Sunday after Asar prayer at House No. NW (B)-34, Road No 64, Gulshan. Relatives, friends and well-wishers have been requested to attend the kul khwani.

Price Barometer: Essentials

May-30

RICE (Taka per kg)	
Amam (Very fine)	16.50-17.00
Anam (fine)	14.75-15.25
Patana	14.50-15.00
Ulati	13.00-13.50
VEGETABLES (Taka per kg)	
Peas (White)	3.00-4.50
Brijjal	16.00-18.00
Lady's finger	10.00-12.00
Karolla	10.00-12.00
Lahak	6.00-7.00
Pappa	6.00-8.00
Green Banana (Four Pieces)	6.00-8.00
OTHER FOODGRAIN (Taka per kg)	
Flour	12.00-14.00
Ans	10.00-11.00
Wheat	8.00-8.50
Suzi	18.00-20.00
FISH (Taka per kg)	
Rohi (big)	110.00-150.00
Kaila (big)	90.00-110.00
Hilsha	56.00-58.00
Pangas	110.00-120.00
Shrimp (big)	100.00-130.00
Singi	100.00-120.00
Koi	100.00-120.00
PULSES (Taka per kg)	
Mash	30.00-32.00
Matar	26.00-28.00
Moogh	28.00-30.00
Chhola	22.00-24.00
Matar	22.00-24.00
Kharri	16.00-18.00
MEAT (Taka per kg)	
Beef	Not Available
Mutton	35
OIL (Taka per Litre)	
Mustard	52.00-56.00
Soybean	37.00-38.00
Coconut (Columbo)	64.00-70.00
Vegetable Ghee	50.00-52.00
SPICES (Taka Per kg)	
Onion	14.00-16.00
Gulic	36.00-40.00
Chillies	52.00-60.00
Tumeric (Round)	42.00-48.00
(Long)	42.00-48.00
Green chillies	18.00-20.00
Ginger	20.00-24.00
Cinnamon* (10gms)	3.00-3.50
Cerdamom* (large)	3.50-4.00
Rhis (50gms)	7.00-8.00
MISCELLANEOUS (Taka)	
Ghee	220.00-240.00
Sugar	27.00-28.00
Molasses	18.00-20.00

Source: Department of Agricultural Marketing

Obituary

A S Shaiful Alam, Councillor of Dhaka Stock Exchange, died on Thursday at Suhrawardy Hospital. He was 56, says a press release.

A S Alam was Chairman of National Textile Mills and Director of Adarsha Samabaye Bank. He was a member of FBCCI and Bangladesh Textile Mills Association.

His namaj-e-janaja will be held after Jumma prayer at Gulshan Central Mosque today (Friday). Kul khwani of A S Alam will be held on Sunday after Asar prayer at House No. NW (B)-34, Road No 64, Gulshan. Relatives, friends and well-wishers have been requested to attend the kul khwani.



TOKYO : Crown Prince Naruhito visited the Bangladesh booth at the five-day long Tokyo International Trade Fair (TITF) recently. He is evincing keen interest at cane baskets. Bangladeshi products included shoes, leather, brasswares, fabrics, ceramics, linens, jute goods and furniture. Some 2000 exhibitors from 55 countries participated in TITF.

Pakistan faces \$ 17 b in foreign debt burden

KARACHI, May 30: Thanks to a record cotton crop and resurgent exports, Pakistan's economy has weathered the shocks of the Gulf war and suspension of US aid and military aid in October 1990, due to concern in Washington over Pakistan's nuclear programme.

Nevertheless, the nation's economy managed to grow, the survey said, thanks in part to growth in agriculture manufacturing and exports.

Agriculture has grown 5.5 per cent, compared to 4.8 per cent in fiscal 1989-90, with the cotton crop hitting a record 9.61 million bales, up 12.2 per cent on the fiscal year.

It faced costlier oil imports, loss of trade with Kuwait and

industry grew 4.7 per cent and small-scale manufacturing 8.4 per cent.

There was a 22 per cent increase in exports in July through April mainly because of the multiplication of value-added textiles and cotton products and garments.

The current account deficit was estimated to have gone down from 1.981 billion Dollars in 1989-90 to 1.328 billion Dollars.

Foreign exchange reserves held by the State Bank of Pakistan on May 18 were put at 467 million Dollars, up sharply from 87 million Dollars last December.

Growth was also supported by an increase of 16.3 per cent in fixed investment, 78 per cent of which was financed by national savings.

Foreign aid was 2.11 billion Dollars, 10 per cent less than in fiscal 1989-90, following the American suspension of aid.

One major cause of concern was a 12.29 per cent climb in the consumer price index, which was officially estimated at 5.69 per cent in the previous fiscal year.

Blamed for the inflation were a 10 per cent increase in the price of petroleum products early this year, following pressure from the International Monetary Fund and the World Bank, and similar increase in the cost of electricity, gas and railway tickets.

The survey said 34,900 villages out of a total 45,000 now had electricity, and 110,000 new telephones had been installed. The country's population was estimated at 113 million as of January 1, and per capita income 9,213 Rupees (389 US Dollars).

The survey painted a dismal picture of such social services as health, education and housing.

Most currency futures close with large losses

CHICAGO, May 30: Most Currency Futures closed with large losses but off the lowest levels of the session, reports Reuter.

Futures traded quietly early, showing little reaction to the revision in first quarter US Gross National Product, which showed a decline of 2.6 per cent instead of the 2.8 per cent fall originally reported.

Selling picked up steam in futures when the Dollar penetrated resistance near 1.70 marks and June Mark Futures dropped below support near 0.5875 and 0.5860, triggering large sell stops.

Some analysis also linked selling in futures to the inability of nearby contracts to rise above a consolidation area on the charts.

Marc Chandler, senior market strategist at Idea Inc, said

the congestion area was near 0.5900 in June Marks and about 0.007250 in the Yen.

He targeted support now at trendline running from the contract lows set in April, at about 0.5775 in the Mark and 0.007200 in the Yen. Sterling and the Swiss Franc are closer to analogous trendline support.

Chandler pinned support in the Swiss Franc at about 0.6818 and 0.6800 and in Sterling at 1.7180.

"If we take out the trendlines, we could fall to 0.6750 to 0.6730 in the Swiss and 1.7100 and possibly 1.6950 in Sterling, he said.

In the meantime, trendline the next few days is not going to change anyone's opinion about the fed, Chandler said. Others also expect charts will likely play a large role in activity over the near term.

International oil conference ends

Producer-consumer ties sought

TEHRAN, May 30 : The three-day international conference on oil and gas ended in Iran yesterday with a call for better understanding and cooperation between oil producers and consumers, reports Xinhua.

Both oil producers and consumers are ready for mutual cooperation because a stable oil market is beneficial to both sides, Iran's Oil Minister Gholamrez Agazadeh said at the closing session of the conference.

He said, "the 1990s should be a decade of mutual understanding and cooperation, and a decade in which all should coordinate efforts at the international level."

The convention entitled 'oil and gas in the 1990s: prospects for cooperation' was

attended by more than 300 delegates, including oil ministers, chiefs of world's major oil companies and world exporters.

We achieved our objective of data exchange in the conference, which plays a key role in today's world, particularly in the energy context, Agazadeh said.

He told reporters that Iran supports a balance between oil supply and demand. "Overproduction would cause prices to fall, while more production would result in further violation [of quotas]," he said, quoted by Iran's official news agency IRNA.

"Oil prices stability at a fair level can further guarantee the economic development of the producers," he added.

He said Iran also seeks cooperation among all oil pro-

ducers no matter whether they are members of the Organisation of Petroleum Exporting Countries (OPEC) or independent ones.

The Oil Minister put Iran's average oil production at 3.4 million barrels per day and said his country will abide by its OPEC quota.

He also said OPEC has not received any formal request from the Soviet Union to join the 13-member organisation.

The conference, prior to the June 4 ministerial meeting of OPEC in Vienna, was the first of its kind aimed at achieving better understanding and cooperation between oil producers and consumers, was co-sponsored by Iran's Oil Ministry and the Foreign Ministry's Institute for political and international studies.

Exchange Rates

May-30

SELLING AND BUYING RATES, offered by Commercial Banks, for Bank Cheques, (BC) and Overseas Drafts (OD)

One Unit of Foreign Currencies (FC) for Taka

FC	Selling	Buying
US Dollar	35.9226	35.4432
UK Pound Sterling	62.7668	62.0163
German Deutsche	21.2183	20.9228
Mark		
French Franc	6.141	6.1576
Saudi Riyal	1.011	1.0119
Dutch Guilders	16.123	16.5712
Pakistan Rupee	1.6273	1.4929
(AMU)*		
Singapore Dollar	20.3539	20.0823
UAE Dirham	9.8141	9.6631
Kuwait Dinar		Not available
Indian Rupee		
AMU	1.7286	1.7119
S. Korea	5.9171	5.8362
*AMU-Asian Monetary Unit		
SECONDARY EXCHANGE MARKET		
Wage Earners Fund / Export Performance Benefit (XPB) Fund		
US Dollar	Buying	Selling
UK Pound	36.48	36.53
Sterling	63.77	63.82

*The rates of Pound Sterling are decided every day, based on the cross-rates of New York market
Source: Sonali Bank

Gold & Silver

May-30
(Taka for 11.66 grams)

Gold	6,000.00
Tejari	6,300.00
Onsha	6,000.00
Silver	200.00

Hides & Skin

(Wet/Salted)
May-30
(Taka per 100 pieces)

Cow	10,000.00	12,000.00
Light	25,000.00	30,000.00
Medium	30,000.00	35,000.00
Heavy	44,000.00	50,000.00
Very heavy	50,000.00	55,000.00
Rejected	18,000.00	20,000.00
Goat		
Light & Heavy	10,000.00	12,000.00
Light & Medium	5,000.00	5,300.00
Rejected	2,800.00	2,900.00
Sheep	8,000.00	8,300.00
Buffalo	85,000.00	85,000.00

Source: Department of Agricultural Marketing

Snippets

Dollar ends up in US

NEW YORK, May 30: The Dollar ended higher on short-covering and overseas buying, confuting a market that only a day earlier was decidedly bearish on the currency's near-term prospects, reports Reuter.

"At the beginning of the week the recessionary mode had set back in," said dealer Axel Coym at First Chicago. People started to turn bearish on the Dollar and the Dollar traded down. Today the Dollar rallied, and the market is now very confused about its direction."

Canada to auction \$1.1b bonds

OTTAWA, May 30: The government of Canada will auction 1.1 billion Dollars of 9.25 per cent five-year bonds on June 4, Finance Minister Donald Mazankowski said in a statement, reports Reuter.

The bonds, due October 1, 1996, will be dated and delivered June 20, 1991.

The bonds are in addition to 1.1 billion Dollars of 9.25 per cent bonds due October 1, 1996, now outstanding. They will be issued with accrued interest from May 1 to June 20, 1991.

There are no government of Canada bonds maturing on June 20, 1991.

Canada to drive up Iranian oil capacity

ISFAHAN (Iran), May 30 : Canadian drillers will help provide the extra power Iran needs for a planned increase in oil production capacity in the next two years, a National Iranian Oil Company (NIOC) Board member said on Wednesday, reports Reuter.

Drilling and exploration have been neglected for more than a decade, as other sectors took priority during the eight-year war with Iraq and foreign expertise was lost after the 1979 Islamic Revolution.

"Up to now the drilling was done totally by Iranian personnel," NIOC Director of Exploration and Production Ali Moshaghian said in an interview.

Moshaghian said Canadian Triton International have a one-year contract to provide 12 drilling rigs and crews.

Soviets for liberalizing foreign trade

MOSCOW, May 30 : The Soviet Parliament Wednesday adopted a first reading of a Bill to liberalize operations by foreign firms in the Soviet Union, including repatriation of earnings, reports AFP.

Restrictions on repatriation of earnings have long been main obstacle to foreign investments here.

Under the Bill, which is expected to be given its second reading before the end of June, foreign firms would be able to repatriate all their hard currency earnings and exchange Rouble earnings for hard currency at auction rates.

The Bill, which is designed to serve as a basis for separate legislation in each republic, also envisages the setting-up of firms with 100 per cent foreign capital which would be given equal opportunity to compete with Soviet firms.

Canada's economy turning round

OTTAWA, May 30 : Finance Minister Donald Mazankowski said Canada's economy is turning around, reports Reuter.

He pointed to declining interest rates and rising employment, business confidence and housing construction.

"What is encouraging is that we have developed a plan, a programme for recovery based on a reduction in interest rates in relationship to our fight against inflation," he said.

"There are positive signs that the economy is turning around," he told the House of Commons. "It is important that it is turning around in such a way that we will have a durable sustainable kind of economic growth with price stability."

Oil loans to Kuwait yet to be decided

RIYADH, May 30 : Allied Gulf Arab oil producers on Wednesday did not decide on any specific oil loans for devastated Kuwait but agreed to talk further about the issue, a senior Gulf Cooperation Council (GCC) official said, reports Reuter.

GCC Secretary-General Abdullah Bishara told reporters after the six Gulf oil ministers met in Riyadh that Kuwait had made no specific request for direct crude oil loans to help keep its refineries going.

The ministers "talked about this within the framework of continued cooperation in the energy sphere. They will be continuing their discussions," he said.



S A Shakoor, President and Managing Director, United Commercial Bank Ltd presenting on behalf of the Bank a crest of 'Shapla' in felicitating Akhtaruzzaman Chowdhury, Chairman, Executive Committee of the Bank on his being elected as Member of the Parliament.