Uptrend in prices of essentials

Star Economic Report

The commodities falling under the new tax proposals recorded a modest uptrend in price in the markets.

The wholesalers in Moulvi Bazar said a can of soyabean oil with 3.5 kg content is now selling at between Taka 144 and 148.

The retailers are selling the same cans between Taka 148 and 156 before the announcement of the proposed budget. The same cans were sold about Taka six lower than the present price.

Sources said there is a short supply of soyabean oil in the market. They said the price may go down if the supply comes to a normal level.

The price of soyabean went up after the sellers got 'hints' that taxes would be imposed on the item even before the budget comes into effect.

Palm oil is selling at Taka 38 to 40 a kg, about Taka two or three higher than pre-budget price. Sources said the import of palm oil has been suspended for the last six months although demand is high.

Price of condensed milk also rose about Taka 50 per carton of four dozen. A carton of condensed milk is now sold at Taka 990. In the retail market, a tin of condensed milk sells at Taka 25. Previously it was sold at Taka 24 a tin.

However, the prices of powder milk and ball point pen did not increase in the wholesale market.

Powder milk is selling at Taka 2700 a bag. Ball point pens sold at Taka 30 a dozen. But some retailers are however charging a premium. They are selling ball points at Taka 3.50, 50 paisa higher than previous price.

Dull trading at DSE

Star Economic Report

Trading was dull at Dhaka Stock Exchange (DSE) on Monday when it resumed its post-budget transactions after a closure for four days.

The bank holiday on last Thursday following the presentation of the national budget, the weekend holiday, and the annual election, followed by holding of general meeting of the exchange, caused the closure of DSE operations for four days at a stretch.

Trading was lackluster on Monday with volume recording a market fall. Transactions involved 2,315 shares compared with last Wednesday's 6,297.

Traded issues valued Taka 1,51,233.00. It was Taka 3,08,025.00 on Wednesday.

The Composite Index of DSE, which is the broad indicator of price movements of all the listed stocks, however, moved up slightly to 292.5483 points from Wednesday's 292.1684.

This was due to domination of the advancers in trading, notwithstanding its decline in volume terms.

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

Paper Converting advanced Taka 13.00 to Taka 113.00.

Green Delta Insurance, 6th ICB Mutual Fund, Oxygen, Tallu Spinning and Chittagong Cement moved up within the range between Taka 0.07 and Taka 0.57.

Pharma Aids and National Tubewels lost Taka 1.00 and Taka 0.75 to Taka 175.00 and Taka 106.75 respectively.

Quoted Prices of Traded Stocks

June - 17

	*FV/ML	Closing (Taka)	** Changed (Taka)
Banks			
IFIC	100/5	190.00	Unchanged
Investment			
6th ICB M. Fund	100/10	90.25	(+0.25)
Insurance			
Green Delta	100/10	115.20	(+0.07)
Engineering			
Metalex Corp.	100/5	99.50	Unchanged
National Tubes	100/10	106.75	(-0.75)
Fuel & Power			
Oxygen	10/50	51.00	(+0.57)
Jute			
Sonali Anash	100/5	83.00	Unchanged
Pharma & Chem			
Kohinoor Chemical	100/5	72.00	Unchanged
Pharma Aids	100/5	175.00	(-1.00)
The Ibnsina	100/10	90.00	Unchanged
Paper & Printing			
Paper Converting	100/5	113.00	(+13.00)
Textile			
Tallu Spirining	100/5	113.50	(+0.50)
Miscellaneous			
Bata Shoe	10/100	38.50	Unchanged
Chittagong Cement	100/5	151.00	(0.52)

* FV=Face Value, ML= Market Lot
** Changes : Plus signs mean gain and (-) signs losses.

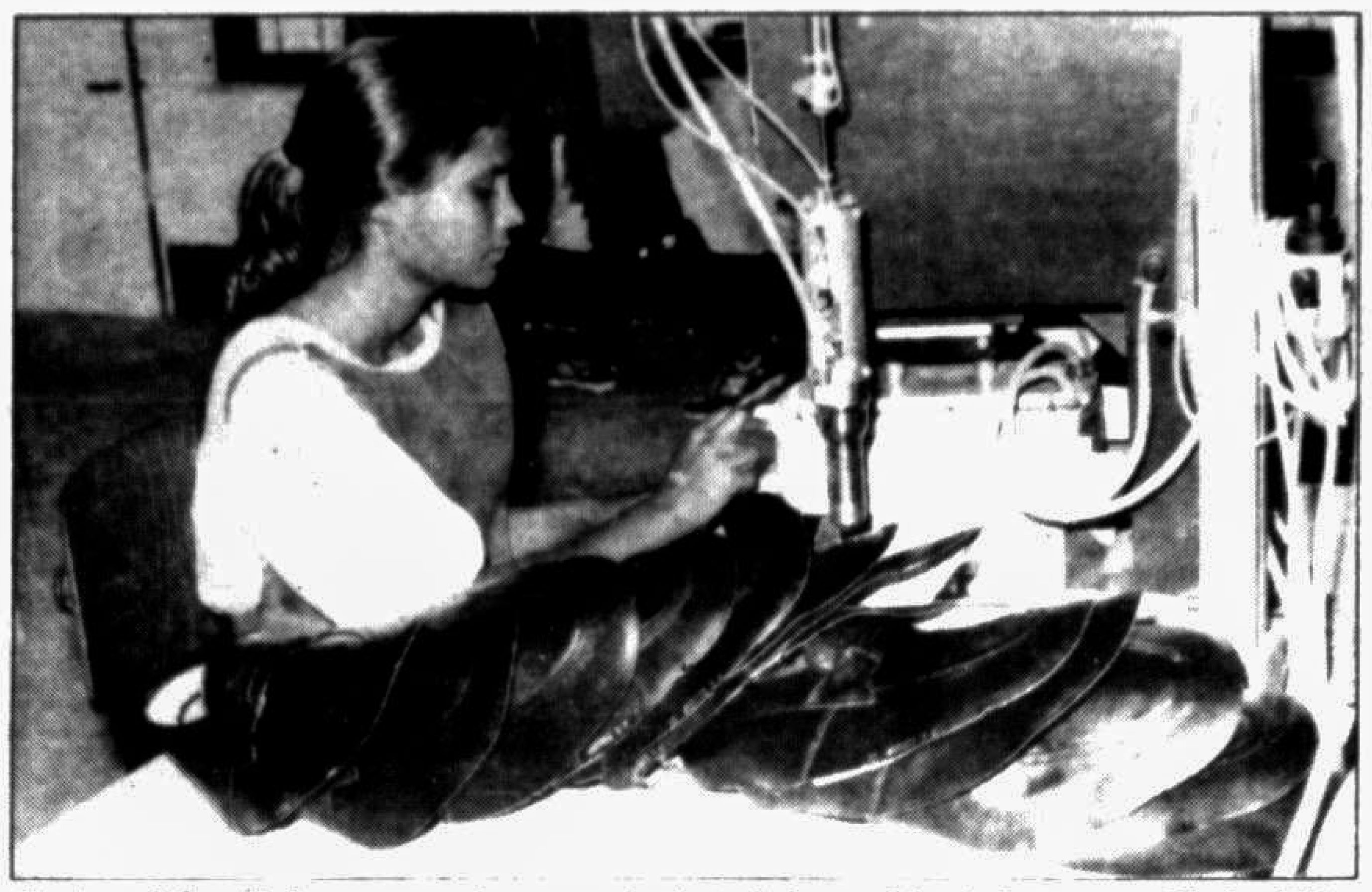
USIS holds discussion on privatisation today

Star Economic Report

US expert in private sector development Clare E Humphrey, will talk on "Privatisation in Bangladesh," at the USIS American Center (Jiban Bima Bhaban, 4th floor; 10 Dilkusha C/A at 5 pm on today (Tuesday). An open discussion will follow the lecture.

A specialist in private sector development in South Southeast Asia, Humphrey is author of a new book, "Privatisation in Bangladesh: Economic Transition in a Poor Country".

Humphrey has worked as a consultant for the United States Agency for International Development (USAID).



Sewing of shoes is in progress at an export oriented shoe making industry near Dhaka. This is phase III of the whole manufacturing process. — Star photo by Mohsin

Bilateral economic relations to be reviewed

Trade accord with China to be signed during Khaleda's visit

Star Economic Report

A new Sino-Bangladesh bilateral trade agreement will be signed during Prime Minister Begum Khaleda Zia's visit to China.

The agreement — Barter Protocol Number 13 — is likely to provide arrangements for eachway trade, valued 31 million US Dollar, the same as that under the outgoing one. The coverage of items will also remain more or less the same as before, according to the decision taken earlier at the sixth meeting of the ministerial level Bangladesh-China Commission on Economic, Trade, Scientific and Technical Cooperation. The meeting was held in Dhaka in April last.

The overall Sino-Bangladesh trade agreement provides for both barter trade and trade in convertible currencies. It stipulates mutual most-favoured nation treatment in all matters relating to shipping, customs duties and other taxes to be levied on importation and exportation of commodities and to the formalities and charges of customs management.

The volume of bilateral trade between the two countries has witnessed a phenomenal expansion since the establishment of diplomatic relation in 1976. Both-way (meaning imports and exports) trade rose from 13.75 million Dollar in 1975-76 to 147.21 million Dollar in 1989-90.

But, the trade pattern has not been balanced. Dhaka runs an averse balance of trade with Beijing, meaning more imports by Bangladesh than its exports to China. The cumulative trade imbalances of Bangladesh against China stood at 834.22 million Dollar from 1975-76 to 1989-90.

Bangladesh finances 79 per cent of its total imports from China under cash foreign exchange with barter accounting for the rest 21 per cent. Barter constituted 89 per cent of its exports to China.

The long-term trade agreement (LTTA) between the two countries provides the broad umbrella for bilateral trade. The third five year term LTTA (1990-95), now in operation, was signed in November 1989.

At the last meeting of the Joint Commission, Bangladesh requested China to participate in trade-creating joint ventures under "buy-back arrangement" to rectify the trade imbalances.

China expressed its willingness to supply machinery, equipment and expert services if Dhaka could arrange necessary funds.

The two sides at the official talks during Prime Minister Khaleda Zia's visit to China will also review the ways and means for further diversification of bilateral trade in the context of Bangladesh's growing trade imbalances against China.

The progress on the agreements and memoranda of understanding, reached during the China-Bangladesh investment forum held in Dhaka in May last year, will also be discussed at the bilateral talks.

Meanwhile, Bangladesh is also likely to request Beijing for a fresh soft loan during Prime Minister Begum Zia's visit to China. The previous RME (Chinese currency unit) 50 million loan has fully been earmarked for different projects.

Furthermore, the possibilities for supply of power tillers by China, as a part of its support for rehabilitation of projects and infrastructures, damaged by the devastating cyclone of April 29 in the eastern coastal areas of Bangladesh, may also come up for consideration at the bilateral talks during the Prime Minister's visit. The Bangladesh mission in Beijing has earlier furnished a list of items, required for rehabilitation of the cyclone damaged projects or infrastructures to the relevant Chinese authorities.

Since 1976, Bangladesh has so far received RMB 363 million (US Dollar 115 million) as interest free loan under seven credit agreements signed on different occasions. Under the credits, six projects in Bangladesh were completed while four more are under execution.

The completed projects included: Bangladesh-China Friendship Bridge over the Buriganga River, Polash Urea Fertilizer Plant, Sundarban Cotton Textile Mills, rehabilitation and renovation of Bangladesh ordnance factory, and preparation and design of Shumbuganj road bridge.

The on-going Chinese aided projects are : Rupganj Water Conservancy Project, Balancing, Modernisation, Replacement and Expansion (BMRE) of Renewick and Co Ltd, Shambuganj road bridge at Mymensingh and consultancy services for flood control project.

Besides, a protocol on the construction of Mohananda Bridge has been signed. The two governments at the last meeting of their Joint Commission in April last also agreed on construction of a 250-bed modern hospital at Dhaka with the Chinese assistance. China further agreed to provide Bangladesh with a complete set of equipment for bi-cycle chain manufacturing with an annual capacity of 500,000 including supply of technical know-how in public sector.

The entire gamut of operations under bilateral economic cooperation and trade relations will be reviewed at the official talks between the two sides in Beijing during Prime Minister Khaleda Zia's visit to China. Besides the areas for which specific agreements or understanding between the two sides have also been signed, newer areas of economic and technical cooperation will be explored.

Follow-up actions on decisions taken at the last meeting of the Joint Commission on Economic, Trade, Scientific and Technical Cooperation will also be reviewed at the talks. The decisions cover areas such as sericulture development in Bangladesh, back-up facilities in Chittagong Port, development of Barapakuria Coal Mine, techno-economic feasibility study on coal deposit at Khalashpur under Rangpur district, equipment and machinery for Bangladesh Small and Cotton Industries Corporation (BSCIC), and supply of machinery for a cotton T-shirt manufacturing unit.

A meeting of the Board of Directors of Sadharan Bima Corporation was held recently. Sitting from the left Chairman Nasimuddin Ahmed (3rd) and Managing Director M. M. Morshed (4th).

Exchange Rates

June - 17

SELLING AND BUYING RATES, offered by Commercials Banks, for Bank Cheques, (BCs) and Overseas Drafts (ODs)
One Unit of Foreign Currencies (FCs) for Taka

FCs	Selling	Buying
US Dollar	35.9226	35.4432
UK Pound Sterling	59.4766	58.7657
German Deutsche Marj	20.2495	19.9714
French Franc	5.9702	5.8885
Saudi Riyal	9.6101	9.4819
Dutch Guilders	17.9793	17.7305
Pakistan Rupee (AMU*)	1.4946	1.4804
Singapore Dollar	20.1812	19.9119
UAE Dirham	9.8141	9.6831
Kuwait Dinar		Not available
Indian Rupee AMU	1.7311	1.7145
S. Kroner	5.6358	5.5588

*AMU-Asian Monetary Union

SECONDARY EXCHANGE MARKET

Wage Earners Fund/ Export Performance Benefit (XPB) Fund	Buying	Selling
US Dollar	36.48	36.53
UK Pound Sterling	60.43	60.48

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

Dhaka Stock Exchange Market Profile

June - 17

134 Listed stocks

6 Gains | 2 Losers | 126 Unchanged

126 Unchanged stocks include six traded on the day at their previous quoted prices.
DSE All Share Price Index = 292.5483
Issued Capital=Taka 10,146,289,601.00
Market Capitalisation = 8,359,642,082
Turnover = Taka 1,51,233(Value) 2,315 (Volume).

Soviet oil exports likely to be halved

EDINBURG (Scotland), June 17: The Soviet Union's oil exports are likely to be nearly halved by the mid-90s unless the country embraces market economics at breakneck speed, a Moscow-based economist said Sunday, reports Reuter.

Eugene Khartukov, an adviser to the Soviet government, said the more likely slow switchover to the capitalist style would lead to exports falling to 1.6 million barrels per day (BPD) by 1996.

Khartukov said the way the Soviet Union was heading, exports in 1991 would be 600,000 BPD below 1990's three million BPD.

He told the final day of a conference in Edinburg organised by Scottish business leaders that the Soviet Union was unlikely to see 1990 export levels again this decade.

He also said that he foresaw sagging Soviet oil output had left the world vulnerable to another oil price shock in the mid-1990s, given the rate of western economic growth.

Gulf cement producers try to find new markets

ABU DHABI, June 17 : Gulf cement producers are trying to find new markets for their production to cut a huge surplus caused by several years of recession in the region, reports AFP.

"The present markets for Gulf cement are limited as most states impose protection measures," an industry source said.

"Gulf producer are trying to find new markets even at cheaper prices to tackle their large surplus."

Several factors have contributed to surplus, estimated at around four million tons per year since 1986, but an economic recession in the region during the late 1980s had the

India allows non-repatriable foreign accounts

NEW DELHI, June 17: The Reserve Bank of India (RBI), the country's central bank, Sunday gave financial institutions here the go-ahead to accept non-repatriable foreign currency accounts, reports AFP.

Announcing the introduction of the fixed five-year, non-taxable foreign currency deposit scheme, the RBI said it hoped the move, to take effect Monday, would attract overseas investments from both corporate bodies and non-resident Indians.

Mahtab's plea to alleviate poverty

By Chapal Bashar

Reviewing the current economic situation at an exclusive interview with The Daily Star, Dr Fashiuddin Mahtab former Planning Minister under the BNP government in late seventies and early eighties, observed that the economic conditions was shattered during nine years' rule of Ershad government.

He said that the revenue expenditure was much lower than the collection during 1977-81 while the situation was reversed in the following years. The revenue surplus in 1977 was Taka 174 crore, while in 1989, there was a revenue deficit of Taka 483 crore. The government had to depend more and more on foreign aid to meet current expenditures for which the development sector suffered.

According to Mahtab, successive pay-hikes in government sector, without any consideration of the resources availability situation, contributed to swelling revenue spendings.

He said that the shattered economy, coupled with reduced economic growth and investment, contributed to aggravate the poverty situation.

"Landlessness in on the increase while industrialisation is not taking place" he noted while adding that the poverty situation is much more acute now than ten years back. Mahtab warned that the deteriorating poverty might lead to widespread anarchy, symptoms of which, like social unrest is already there.

For alleviating poverty, he suggested that the economic activities should be increased with more investment in productive sectors. He is also in favour of export-led industrialisation, which,he believes, will develop domestic market.

"We should review and evaluate industrial and trade policy and we have to find out why there is a stagnancy in our industry", said Mahtab. He added that he was not against market economy, but he would favour a mixed economy in the present context of Bangladesh. According to him, fair competition between the public and the private sector will help flourish both. He thinks that the private sector should be promoted, but with strong control from the government.

Mahtab said that development of agriculture, fisheries and poultry could contribute to a large extent for alleviating poverty. He emphasised on development of human resources, providing functional education to create skilled labour force.

The former minister stressed boosting agricultural production for which, he believes, subsidy is a necessity and should be increased further.

He said, the country is still facing food shortage of two million tons. At present, the annual food requirement is 20 million tons, while the production hovered around 18 million tons.

According to present growth rate, food autarky might be achieved by 2000, but Mahtab apprehends, the country would again start facing food shortage from 2005 if the population growth rate remain uncontrolled. He believes that the self-sufficiency in food can be attained by 1995, if proper steps and initiatives are taken. Food autarky as well as the surplus food production will boost national economy and help alleviate poverty.

Massive Western and to USSR proposed

CAMBRIDGE (Massachusetts), June 17: Soviet economists working at Harvard University have completed a dramatic proposal for economic and political reform that calls for massive infusions of western financial aid, a spokesman said on Thursday, reports Reuter.

Details of the plan, completed late on Wednesday night, were not immediately available but published reports said it proposed a conversion to capitalism over four years smoothed by up to 140 billion Dollars in aid from industrial national.

The plan envisages that the programme begin next January 1 if Moscow has by then agreed the internal changes necessary to negotiate an economic assistance programme with the World Bank (WB) and the International Monetary Fund (IMF) the Boston Globe reported.

Major aid would become available when the Soviet Union is admitted to the IMF, administered much like financial assistance is dispensed to developing nations, it said.

A spokesman for seven Soviet economists worked for nearly three weeks on the plan with US economists, neither confirm nor deny the fine points of the plan.

"In our mind it's very much a complete first draft and it will continue to be revised," the spokesman said. "It's really seen not as the last step but the first step in a long process."

Sources close to the effort said members of the working group, including the leader of the Soviet side, Grigory Yavlinski, travelled to Washington on Thursday to lobby for the plan.

It was unclear whether details of the plan would be formally unveiled before it is delivered to Soviet President Mikhail Gorbachev, who gave the effort his explicit approval.

President George Bush has been cool to the idea of giving the Soviet Union access to large amounts of Western financial aid, and although administration officials have said it is in the West's interest to promote democracy and a shift to free markets, they have said administration must be conditional.

Only last week, in accepting his 1990 Nobel Peace Prize in Oslo, Gorbachev said: It is futile and dangerous to set conditions to say, "we'll understand and believe you as soon as you ... come completely to resemble us, the West."

Pakistani banks concerned over false certificates

KARACHI, June 17: Pakistani banks and stock dealers have expressed concern over circulation of forged foreign exchange bearer certificates (FEBC) and urged the State (central) Bank of Pakistan (SBP) to check their circulation, reports Reuter.

Mohammad Arif, a stock dealer who also sells the FEBCs at the Karachi stock exchange, said, the SBP should protect the small dealers from counterfeit FEBCs in circulation.

Pakistan issued the FEBCs in 1985. The SBP started the US Dollar bearer certificates two months ago.

Without confirming or denying the reports, an official at the foreign exchange department of the SBP said, we have sent the FEBCs to the security printing corporation for checking.

The concern followed reports that the SBP had delayed encashment of the FEBCs because of checking involving several days, said a foreign banker.

Anselm A. Quiah, Managing Director Homebound Packers and Shippers Ltd., Bangladesh and Bi Yihua, General Manager, Qilu Zhongu Construction Engineering Co. Ltd., China, signed a memorandum of agreement Sunday in Dhaka to establish a joint Venture Enterprise in Bangladesh. Song Xihuan, Director, Shandong Urban and Rural Construction Commission was also present.

Snippets

Mongolian farmers for privatisation

HONG KONG, June 17 : A federation of Mongolian farmers stressed the need for privatisation in a meeting Saturday in the capital Ulan Bator, the Xinhua news agency said in a report monitored here, adds AFP.

The federation of agricultural and livestock cooperatives of Mongolia adopted two documents calling for privatisation, the report from the official Chinese news agency said.

The documents said cooperatives would determine their own means of privatisation in accordance with their circumstances.

Saudi Riyal deposit rates steady

NICOSIA, June 17 : Saudi Riyal interbank deposit rates were steady in a typically dull Sunday market, reports Reuter.

Spot-next and one-week were quoted unchanged at 5-5/8, 3/8 per cent.One-month was also indicated steady at 5-13/16, 11/16, three-months at 6, 5-7/8 and six-months at 6-7/16, 5/16.

The spot Riyal was seen at 3.7501/04 to the Dollar.

Egypt to get $120m loans from Kuwait

LONDON, June 17: Egypt said it had signed three loan agreements with Kuwait's Arab Fund for economic and social development totalling about 120 million Dollars, reports Reuter.

Dr Morris Makramallah, Minister for International Cooperation, said the agreements were signed on Thursday.

Of the loans, about 14.4 million Kuwaiti Dinar (KD) would go to Egypt's social fund and would be used to ease unemployment in the public sector and help resettle 600,000 Egyptians returning from Kuwait.

Poland allows to repatriate profits

WARSAW, June 17 : Foreign investors will be allowed to repatriate profits earned in Poland under the provisions of a liberal new law on joint business ventures approved by the Polish Parliament, Warsaw newspapers reported Saturday, says AFP.

Under the measure aimed at stimulating the country's battered economy, the previous restrictions on profit repatriation have been lifted and incentives are offered to foreign investors who locate in areas of high employment.

These measures have been counter-balanced by the ending of tax breaks on all investments under 2.6 million dollars, according to the law passed Friday.

Y'slav trade deficit hits billion Dollars

BELGRADE, June 17 : Yugoslavia recorded a trade deficit of nearly one billion Dollars for the first five months of this year, financial daily Privredni Pregled reported Sunday, says AFP.

Export earnings up to the end of May came to 7.425 billion Dollars, 4.5 per cent less than the same period last year. The cost of imports meanwhile was 8.413 billion Dollars, 1.2 per cent higher than a year ago.

Germany remained Yugoslavia's biggest trading partner, followed by Italy and the Soviet Union.

Dubai exploring more hydrocarbons

DUBAI, June 17 : Dubai, a small Gulf Emirate but a major oil producer, is continuing exploration for more hydrocarbons to boost reserves that should last for nearly 30 years, reports AFP.

In its annual report for 1990, the Dubai Petroleum Company (DPC) said oil production and exploration continued last year without significant interruption.

A "substantial drilling and construction programme was also achieved," said the DPC, which runs the Emirate's oil and gas production.

It gave no details of the drilling programme but reported a busy year in its bid to boost output capacity.

Brazil for renegotiating foreign debt

SAO PAULO (Brazil), June 17 : Brazil, seeking a new approach in its debt negotiations with creditor banks, wants refinancing over 25-year period coupled with a buyback of a portion of the debt at a discount on the secondary market, a senior official said, reports AFP.

Economy Minister Marcilio Marques Moreira, in an interview published Saturday in the Gazetta Mercantil, spelled out the renegotiation strategy President Fernando Collor De Mello will take with him to Washington next week.