Rapid, effective trade reforms needed

Star Economic Report

Chief of the World Bank (WB) Resident Mission in Dhaka Christopher R Willoughby said on Monday that "sufficiently rapid and effective" trade reforms were needed in Bangladesh to strengthen the functioning of markets.

He stated this on Monday at the mission office at a press briefing on the occasion of the release of the annual report 1991 of the WB with its theme, "the challenge of development."

Dilating on the conclusions of the report in the particular context of Bangladesh's experience, Willoughby observed that reforms should cover both domestic and international trade because "their effectiveness depends on one another." "If the reforms are sufficiently rapid and effective, many firms in both public and private sectors will initially suffer. This is the inevitable consequence of the policies previously followed and, in other parts of the world, now being almost universally rejected," he felt.

While stating that some firms should fold because of the reforms, he expressed the view that Bangladesh "is in a comparatively good position to absorb these shocks because its garments industry has already demonstrated that its entrepreneurs and workers can be internationally competitive on a large scale, and there are undoubtedly substantial further opportunities awaiting Bangladesh in international markets."

He did not, however, elaborate on what were such opportunities.

The Bank Resident Mission Chief noted that the alternative to rapid and effective trade reforms would be to continue the almost total stagnation of the last decade in the sectors that should be providing Bangladesh's main new sources of employment.

About the domestic trade reforms, he suggested that the main measures might include progress in the collection of bank debts and creation of a sound credit system, rationalization of the public sector bodies and enterprises, elimination of investment controls, facilitation of the closure of loss-making enterprises and other bankruptcy arrangements, and renewed policies for privatization of public sector manufacturing enterprises.

On the international trade front, he stated, the key steps could include rapid phase-out of import bans and restrictions, sharp reduction in the protection of manufacturing industry, and aggressive facilitation of foreign investment, especially in export industry. The WB annual report this year shows that average tariff levels in Bangladesh are well over double those in other developing regions and about four times those applied by Japan and most other rich countries during their early stage of development, he noted. He maintained that key reforms in international trade would have a "crucial impact on the domestic economy" of Bangladesh.

Willoughby mentioned about the conclusions drawn in the world development report 1991. He said, world development experience strongly urges a dynamic programme of reforms "at this time in Bangladesh." "The report's analysis of the difference between success and failure in development make it clear that the crucial factor has been countries' own policies. The projections into the future suggest again that countries' own policies will have much greater impact on their development than policies of the industrialised countries, weighty they may be in world trade," he added.

He noted that the report concluded that the right strategy for the developing countries whether external conditions are supportive or not, should be to invest in people including education, health and population control and to help domestic markets to work well by fostering competition and investing in infrastructure. Besides, the strategy should cover effective measures to liberalise trade and foreign investment and to avoid excessive fiscal deficits and high inflation, he said.

About the situation in Bangladesh in the context of such a strategy, he observed that the country generally followed cautious macroeconomic policies and avoided high inflation. "The nation is also on the way to gradually catching up the huge backlog in investment in primary education and health," he pointed out while adding Bangladesh "still has a very long way to go" on development of a more competitive domestic economy and opening up to international trade and investment.

Negative effects of palm oil refuted

$30m can be saved

Star Economic Report

Bangladesh could have saved 30 million Dollar a year if palm oil was used in the country with greater intensity than that of the soyabean.

This was stated by Dato Murad Hashim, Chief Executive, Malaysian Palm Oil Promotion Council at a luncheon discussion at a local hotel in Dhaka on Monday. The discussion was arranged in order to explain aspects arising out of unfair and erroneous allegations in the local press regarding palm oil.

Ms Tunku Nazihah Mohammad Rus, High Commissioner of Malaysia in Bangladesh made introductory remarks in the meeting.

Refuting the negative effects of palm oil use, Dato said palm oil is now one of the world's most widely consumed edible oil. Historical records show that it was traded as a food commodity over 5000 years ago. In human feeding experiments, it was found that diets containing palm oil caused a reduction in blood cholesterol to a certain level, he added.

Dato said recent animal experiments indicate that palm oil inhibits arterial thrombosis, does not promote atherosclerosis, increases coronary blood flow and has no effect on blood pressure.

He said charges brought against palm oil was on account of business rivalry by a vested quarter lobbying for the promotion of soyabean oil.

Claiming palm oil as better than soyabean in most cases, Dato said consequences of attack is far-reaching without any scientific basis.

Palm oil is widely marketed in China, India, Pakistan, EEC and even in USA. But in Bangladesh, the import of palm oil had slowed down during the last few years.

Bangladesh had imported two lakh tons of palm oil in 1986 but the imports came down to 80,000 tons in 1990. The duty on palm oil has been increased manifold as compared to soyabean. The present duty on soyabean import is 30 per cent while 70 per cent duty has been imposed on palm oil.

Presenting slide show of scientific uses of palm oil, Dr Augustin S H Ong, Director, Scientific & Technical Services of the Council demonstrated healthy uses of palm oil.

Dato led the three-member delegation from the Malaysian Palm Oil Promotion Council. Other members are Dr Augustin S H Ong and T Thiagarajan, Head of Technical Advisory Unit, Palm Oil Research Institute of Malaysia.

Replying to a question, Dato said some particular varieties of palm oil could be processed through the soyabean refinery units and the conversion cost will be minimum in Bangladesh.

In reply to another question, Dato said there was little price-gap between the crude palm and refined palm oil.

He hinted that misconception about palm might have been created by propaganda of a certain quarter.

"We are confident that the future of Malaysian palm oil, its production and marketing potentials are also increasing," he said.

"We consider Bangladesh as an important country which has great potentials for palm oil," he added.

JOHANNESBURG : Several thousand supporters of the African National Congress (ANC) held a protest march recently through downtown Johannesburg where the ANC is calling for jobs, peace and freedom. —AFP photo

Industrial policy in a week

Star Economic Report

The new industrial policy is likely to be announced within a week, Industrial Minister Shamsul Islam Khan said this in a meeting with the Bangladesh Chamber of Industries on Monday.

The policy would contain five principles. The most important principle would emphasise that the problems of all the industries either sick or not should be evaluated. A study with this in view would be carried out with the support from World Bank and Asian Development Bank. These organisations have agreed to bear the cost of the study.

The policy would also emphasise the development of small, medium and cottage industries. The policy aims at attracting foreign investment and know how through market economy and incentives to the private sector.

A M Subid Ali, President of Bangladesh Chamber of Industries in his welcome speech urged the Government to reconsider the Value Added Tax (VAT), give a new look into the defaulting loans and review the labour law.

He said the VAT system was introduced in the country without taking any steps to acquaint the people with the system. He stated that VAT system should be introduced as a pilot project in a selected field. Subid Ali said as VAT is a substitute for sales tax and excise duty, it should be imposed on those items which were entitled these two duties.

He said the steps taken by the Government in respect of defaulting loans is not congenial for industrial development. He demanded that those industries which became sick due to policies and actions of the government-subservient to the development of industries should be considered differently.

Many of the industrialists in the meeting expressed their concern at the suspension of operation of Bank of Credit and Commerce International (BCCI) in Bangladesh. They said many of the industrialists had letters of credit opened with the bank which have become useless.

They said this situation is hampering their business. However, a banker said that different other private banks are coming forward to the rescue of these business and trying to open LCs in their banks.

'Public, private sectors' roles determine 3rd world uplift'

WASHINGTON, July 8: Relations between the government and the private sector in developing countries are the determining factor in those nations' economic development, the World Bank said Sunday, reports AFP.

"The tremendous divergence of country experiences over the last 40 years provides the basis for convergence in views about the way forward," World Bank chief economist Lawrence Summers said in the bank's annual report on world economic development.

For the 1990s, the World Bank predicted that per capita incomes in developed countries might grow, on average, about 2.5 per cent annually, barring any adverse economic shocks. In developing countries, it said per capita income might grow by about three per cent per year if those countries continue economic reform programs.

The report also said that 95 per cent of growth in the world's labour force over the next 25 years would be in developing countries, with interaction between government and markets as the centre-piece.

"Competitive markets are the best way yet found for efficiently organizing the production and distribution of goods and services," the lending giant said.

New IAIB Secy-Gen

Sheikh Fouad Abdul Hameed Al-Khateeb of Saudi Arabia one of the Sponsor-Directors of Islami Bank Bangladesh Limited was elected Secretary General of International Association of Islami Banks (IAIB) recently. He took over the charge from the outgoing Secretary General Dr Ahmad Al-Naggar.

Saudi Citizen Sheikh Fouad Abdul Hameed Al-Khateeb is a career diplomat. He was the Ambassador of Saudi Arabia to Bangladesh. Later, he was appointed the Assistant Secretary General of the OIC.

He is a prominent Islamic Scholar who authored a number of books on various aspects of Islamic Ideology an Islami Bank press release said Monday.

Most Asian currencies fall

HONG KONG, July 8: Most Asian currencies fell during the week on signs of improvement in the US economy and amid share scandals buffeting Tokyo's financial markets, reports AFP.

The Japanese Yen, the Indonesian Rupiah, the Malaysian Ringgit, the Thai Baht, the Korean Won and the Hong Kong, New Zealand and Australian Dollars all fell while the Singapore Dollar remained the same.

Only the Philippine Peso and the Taiwan Dollar strengthened during the week.

Japanese Yen: The Yen lost ground in Tokyo after a brief rally on a cut in Japan's discount rate at the outset of the week. It closed at 139.23 Yen to the Dollar slightly off from 138.15 Yen a week earlier.

It opened the week off at 138.37 Yen but rallied to 137.65 Yen Monday when the Bank of Japan cut its key lending rate by 0.5 per cent to 5.5 per cent.

Australian Dollar: The Australian Dollar slid against the US Dollar during the week as the Greenback gained against most major currencies.

Hong Kong Dollar: The Hong Kong Dollar closed the week at 7.7655-7.7675 to the US Dollars down from last week's position of 7.7275-7.7285.

The Hong Kong unit has been pegged at about 7.80 to the US Dollar since 1983.

Indonesian Rupiah: The Indonesian currency fell this week to close at 1,956 Rupiah to the Dollar, a record low against 1,953 Rupiah a week earlier.

Malaysian Ringgit: The Malaysian Ringgit weakened to 2.7935 Friday against the US Dollar compared with 2.7852 the previous week.

New Zealand Dollar: The New Zealand Dollar closed the week worth 56.64 US cents, down on last week's 57.60 cents.

With the government due to bring in its budget at the end of the week, trading next week is expected to remain slow.

Philippine Peso: The Philippine Peso closed the week at 27.586 Peso to the Greenback, up on the previous week's 27.75 Peso level.

Singapore Dollar: The Singapore Dollar held steady against the US Dollar closing at 1.7685 Friday, the same level as the previous week.

Taiwan Dollar: The Taiwan currency picked up steam to close at 27.025 to the US Dollar, up 8.45 Taiwan cents from the previous week's finish of 27.1095.

Thai Baht: The Thai currency fluctuated slightly against the Greenback during the week to close at a mid-rate of 25.79 Baht to the Dollar, down against 25.71 Baht the previous week.

The decline was a result of increased confidence in the US economy, the a Bangkok Bank official said.

South Korean Won: The Won closed the week at 729.41 Won, off against the previous Friday's 725.20 Won level, against a backdrop of a current account deficit South Korea has accumulated this year.

A senior dealer at Barclays Bank Plc said the exchange rate fluctuated throughout the week as banks and businesses speculated.

The Fifth Annual General Meeting of the Phoenix Insurance Company Ltd was held recently at the Company's Head Office. The meeting was presided over by the Chairman of the Company Major General Abdul Mannan Siddiqui (Retd.).

Humanitarian mission of EC due soon

APELDOORN (The Netherlands), July 8: European Community (EC) cooperation and development ministers, meeting here on Sunday, discussed a proposal on sending a humanitarian mission to Bangladesh in September or October, reports AFP.

The ministers reviewed a proposal by community foreign ministers to have an EC Troika carry out urgent missions to developing countries in need of humanitarian aid.

Should the proposal receive formal approval, the Troika should be able to go to Ethiopia in August and Bangladesh in September or October, said the Netherlands Cooperation Minister Jan Pronk, who chaired the meeting.

The current EC Troika consists of the Netherlands, Luxembourg and Portugal.

The EC ministers discussed setting up a humanitarian aid agency that would streamline relief procedures.

Informal talks centered on a proposal by EC Cooperation and Development Commissioner Manuel Marin of Spain that community members better coordinate their aid efforts, according to Yvonne Van Hees, spokeswoman for the Netherlands Cooperation and Development Ministry.

Bangladesh Bank opens 2 VAT accounts

Bangladesh Bank said on Sunday that two more new accounts have been opened from July 2, 1991 under the No-10 (Internal Resource Division) account of the Government with Bangladesh Bank, reports BSS.

The new accounts are 14-Ka value added tax (VAT) and 14-Kha-supplementary duty. Under these two major heads, the names of the new minor heads are imported goods and indigenous goods and services.

All branches of Bangladesh Bank have been directed through circulars from the Head Office on July 2 to accept money from the tax payers under these new Government heads.

Sonali Bank was also asked to give similar directives to its branches which operate as treasury.

Sharp fall in share trading

Star Economic Report

Dhaka Stock Exchange (DSE) witnessed a sharp decline in trading on Monday.

In all 2,376 shares changed hands compared with Sunday's 5,103. Traded issues valued Taka 2,41,735.25 against Sunday's Taka 3,54,533.00.

Advancers were less in number. But they involved more transactions in value terms. As a result the All Share Price Index of DSE, which is the broad indicator of price movements of all the listed stocks, moved up slightly to 307.0109 points from Sunday's 306.7505.

Transactions involved ten stocks. Of them two gained five lost and three remained unchanged at their previous quoted prices.

Bangladesh Thai Aluminium and IFIC Bank moved up Taka 8.86 and Taka 6.43 to Taka 99.19 and Taka 186.43 respectively.

Tallu Spinning declined Taka 1.87 to Taka 114.45.

Green Delta Insurance, 6th ICB Mutual Fund, Ambee Pharma and Savar Refactories lost within the range between Taka 0.25 and Taka 1.00.

Quoted Prices of Traded Stocks

July — 8

	*FV/ML	Closing (Taka)	** Changes (Taka)
Banks			
IFIC	100/5	186.43	(+6.43)
Investment			
6th ICB M Fund	100/10	90.00	(-0.44)
Insurance			
Green Delta	100/10	117.50	(-0.28)
Engineering			
Atlas Bangladesh	10/50	40.00	unchanged
B Thai Aluminium	100/10	9.19	(+8.86)
Pharma & Chem			
Ambee Pharma	10/50	14.00	(-0.25)
Textile			
Tallu Spinning	100/10	14.45	(-1.87)
Miscellaneous			
Chittagong Cement	100/5	160.00	unchanged
Monno Ceramic	100/5	142.00	unchanged
Savar Refectories	100/5	104.00	(-1.00)

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

Exchange Rates

July - 8

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	36.6226	36.1390
UK Pound Sterling	59.1312	58.4152
German Deutsche Mark	20.0672	19.7968
French Franc	5.9217	5.8416
Saudi Riyal	9.7974	9.6680
Dutch Guilders	17.8212	17.5773
Pakistan Rupee (AMU*)	1.4692	1.4553
Singapore Dollar	20.7977	20.5230
UAE Dirham	10.0053	9.8732
Kuwait Dinar	Not available	
Indian Rupee AMU	1.3902	9.8732
S. Kroner	5.5501	5.4727

*AMU-Asian Monetary Union

SECONDARY EXCHANGE MARKET

Wage Earners Fund/ Export Performance Benefit (XPB) Fund

	Buying	Selling
US Dollar	37.19	37.24
UK Pound Sterling	60.06	37.24
Saudi Riyal	9.95	10.00
UAE Dirham	10.16	10.21

* 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

July - 8

134 Listed Stocks

2 Gains | 5 losers | 127 Unchanged

122 Unchanged stocks include three traded on the day at its previous quoted prices.

DSE All Share Price Index = 307.0109

Issued Capital=Taka 5,439,680,590

Market Capitalisation = 8,772,915,175

Turnover = Taka 32,41,735.25 (Value) 2,376(Volume).

Raw Jute

July-8

Kutcha bales

FOB * Narayanganj/Daulatpur

Varieties (Tk. per 100 Kg)

	White	Tossa	Meshta
Medium	1313	1420	1125
Bot.* (B)	1259	1367	1098
Bot. (C)	1125	1206	1045
Bot. (X)	991	1045	857

* FOB = Freight on board

* Bot. = Bottom

Pucca bales Varieties	FOB (Ready)* Tk. per bale*	FOB (Sight)** $ per MT*
Bangla White		
BW SPL.	3350	555
BWA	3250	530
BWB	3100	480
BWC	2700	430
BWD	2400	380
BWE	2000	350
Bangla Tossa		
BT SPL.	3400	565
BTA	3350	540
BTB	3200	490
BTC	2750	440
BTD	2450	390
BTE	2100	360
White Rejection (WRS)/ Tossa Rejection (TRS) : Habijabi, Cut Ropes		
BWR	1700	290
BWH	1350	220
BTR	1800	300
BTH	1450	230
BCR	1300	230
White/Tossa : Cutting		
BWCA	1500	235
BWCB	1350	220
BTCA	1650	250
BTCB	1550	235
Meshta		
Spl.	1950	355
A	1900	345
B	1800	330
C	1690	295
SPL Cuttings	1000	175
Ord. Cuttings	900	170
SMR	1125	200

* FOB ready = Narayanganj

** FOB sight = Chittagong/ Mongla Ports. Indicative Price at wihch sales may be considered for EPC registration. The $ prices are exclusive of any selling commision. O. D. (Sight nontraditional/applicable to export bills). One $ = Tk. 36.1977)

* MT = Metric Ton

Imports/arrivals of Kutcha bales at Narayanganj were five to six thousand mounds while at Daulatpur at four to five thousands mounds. (One manund is equal to 37.32417 KGs.)

Source : Bangladesh Jute Association

Snippets

German trade hits 26-year low

WIESBADEN (Germany), July 8 : Germany's trade balance was in deficit in May for the second month running, marking the worst German trade performance in almost 26 years, the Federal Statistics Office reported Friday, says AFP.

The deficit was 0.8 billion Marks (437 million Dollars) in May, after a deficit of 1.4 billion Marks (765 million Dollars) in April, it said.

In May 1990 — the month before German Economic and Monetary Union on July 1 — West Germany had a surplus of 12.3 billion Marks (6.50 billion Dollars).

The last time that West Germany recorded a consecutive two-month deficit in trade was in August and September, 1985. The last annual deficit was in 1951.

Foreign investors get same rights in USSR

MOSCOW, July 8 : The Supreme Soviet of USSR Friday approved the legislative principles for foreign investment law granting foreign investors the same rights as Soviet enterprises enjoy, reports Xinhua.

The legislative document allows establishment of solely-owned foreign enterprises in the Soviet Union and grant of royalty over natural resources to foreign investors.

Under the document Soviet foreign joint ventures or foreign enterprises are exempted from import duties and joint ventures with no less than 15 per cent of foreign investment have the right to import and export.

Dollar down, Sterling gains

LONDON, July 8 : The Dollar was well down on the day Friday, losing a full penning following the 'announcement of disappointing unemployment figures in the United States, reports AFP.

News of a seven per cent jobless rate in June — the highest since October 1986 — saw traders ease off the Dollar which finished at 1.8425 German Marks compared with 1.8330 at Thursday's close.

The German Mark was also on a downward trend due to the situation in Yugoslavia and a further deterioration in the German balance of trade announced during the day.

$9.3m Pak-Japan agri project

ISLAMABAD, July 8 : Japanese and Pakistani officials here Sunday finalised plans for a 223 million Rupee (9.30 million Dollar) agricultural research project, the state-run Associated Press of Pakistan (APP) said.

Work on the project called genetic resources laboratory is to start after the two government give their formal approval, the agency said.

A five-member Japanese team led by an Agriculture Ministry official and the head of Pakistan agricultural research council settled the details in talks during the past two weeks, the APP said.

Pakistan Prime Minister Nawaz Sharif abruptly postponed a scheduled official visit to Japan at the start of the month because of law and order problems in the country.

Britain win 61 Kuwaiti contracts

LONDON, July 8 : British companies have won at least 61 contracts worth 200 million Pounds (380 million US Dollars) for the rebuilding of Kuwait following the Gulf war, says the department of trade and industry, reports Xinhua.

They have also clinched a 300 million Dollars deal to supply the country's airline with new airbus airliners.

The department said the contract were being won in direct dealings with Kuwaiti ministries, as well as through the private sector and project managers.

About 200 British companies and individuals had suggested innovative ways of extinguishing Kuwaitis oil-well fires.

New revenue measures likely in Philippines

MANILA, July 8 : President Corazon Aquino said Sunday she would ask the Philippine Congress to pass new revenue measures to help finance the cost of reconstruction from the eruption of Mount Pinatubo, reports AFP.

Finance Secretary Jesus Estanislao said in Mrs Aquino's regular talk show on government radio that Manila needed 15 billion Pesos (540 million Dollars) just to feed the tens of thousands of displaced people and rebuild damaged infrastructure over the next six months.