

### Sanctions against Iraq continue

UNITED NATIONS, Oct 3: The Security Council decided Wednesday to keep economic sanctions clamped on Iraq that bar all trade with the Gulf War aggressor except in food, medicine and humanitarian goods, reports AP.

President Bush and British Prime Minister John Major have said they will block the lifting of sanctions as long as Saddam Hussein rules Iraq.

"There was no agreement that the necessary conditions existed for a modification of the regime" of sanctions imposed by the Council, said the Council's President, Indian Ambassador C.R. Gharekhan, after the body met for private consultations.

The Council has reviewed Iraq's behavior and considered changing the sanctions every 60 days since it adopted its Gulf War 'cease-fire resolution' on April 3.

The original August 1990 sanctions resolution barred all Iraqi imports except medicines and medical supplies. The council later modified that to permit food and humanitarian goods as well.

### Developing states' debt grows 6 p.c.

WASHINGTON, Oct 3: The foreign debt of developing countries grew six per cent last year to 1,306 billion Dollars, the International Monetary Fund (IMF) annual report said, says Reuter.

Net new borrowing last fiscal year amounted to about 50 billion Dollars. The fall of the Dollar boosted the value of debt denominated in other currencies by 51 billion Dollars, it said.

Those increases were only partly offset by a 29 billion Dollar fall in foreign debt resulting from debt reduction deals and official debt forgiveness. The current account deficit of the developing countries fell to eight billion Dollars in 1991 from 14 billion Dollars.

However, the IMF said the current account deficit of the net debtor developing countries widened last year.

"Many developing countries are still heavily burdened with debt," the IMF said. "Solving these cases is likely to be difficult (and) much will depend on debtor countries adopting and carrying out strong economic policies."

The Fund said that its board of directors recognised that the cost of reform in Eastern Europe, in terms of time, lost income and lost output, had been much higher than anticipated.

Directors were of the view, however, that a more gradual approach would only prolong the difficult transition period.

### ADB grants \$ 5,11,000 to women development

MANILA, Oct 3: The Asian Development Bank (ADB) said Thursday it had approved a 511,000 Dollars grant to develop management and employment skills of women in Bangladesh and four other Asian nations.

The grant will support training workshops to enhance the management and leadership capabilities of women officials of non-government organizations and community leaders in Bangladesh, Indonesia, Nepal, Pakistan and the Philippines, the Manila-based bank said in a statement.

The ADB also approved a 297,000 Dollar technical assistance grant to fund a study to prepare Bangladesh's education sector provide science teaching to all secondary students and improve the quality, relevance and efficiency of secondary education in general, the bank said in a separate statement.

The grant will support training workshops to enhance the management and leadership capabilities of women officials of non-government organizations and community leaders in Bangladesh, Indonesia, Nepal, Pakistan and the Philippines, the Manila-based bank said in a statement.

### Japan Upper House panel approves Securities Bill

TOKYO, Oct 3: A special panel of the Upper House of Japan's parliament approved a bill to revise the securities exchange law today and will send it on for final approval by the full Upper House, reports Reuter.

The full Lower House approved the bill on September 27. The revisions will become effective within three months of passage through both houses, finance ministry officials said.

The legislation would make compensation by brokers and banks of customer investment losses a criminal offence punishable by a maximum sentence of one year in prison or a maximum fine of one million Yen.

The legislation would also penalise brokerages or banks if they try to guarantee to clients before a transaction that any losses would be compensated.

It would penalise clients who request and receive pay-backs from banks and brokers.



An octogenarian who should have had a retired life by now is still at work for a living through the only trade he has mastered — reconditioning grinding stones, traditionally used in our middle class households. — Star photo by Mohsin

## Export earnings decline in July

Star Economic Report

Export receipts in July 1991 totalled 154.27 million Dollar in July 1991 compared with 161.59 million Dollar in July 1990, the latest compiled official export figures for the month showed.

The figures indicated a decline by 4.52 per cent in export earnings in US Dollar terms in first month of fiscal 1991-92 from the level in corresponding month in last fiscal 1990-91 from the level in corresponding month in last fiscal year.

The earnings were also lower, in Take terms, to 561.14 crore in July 1991 from 563.97 crore in July 1990. This reflected that the depreciation of Taka, in terms

of US Dollar, could not even cover up the export loss denominated in the Bangladesh currency.

The export performance in all sectors other than ready-made garments declined in first month of current fiscal year compared with the receipts in first month of last fiscal year. In the ready-made garments sector, earnings rose sharply to Take 280.56 crore in July 1991 from Taka 169.15 crore in July 1990. But this sharp growth in export receipts in garments sector could not raise the overall export receipts in July 1991 because the declines in earnings in other major sectors were even larger.

## BCCI fires 66 p.c staff in UAE

DUBAI, Oct 3: The troubled Bank of Credit and Commerce International (BCCI) fired up to three quarters of the 450 staff at its Abu Dhabi headquarters on Wednesday, banking sources said, reports Reuter.

They said the staff were given letters, signed by the court-appointed receiver in the United Arab Emirates (UAE), which terminated their contracts.

The letters, dated October 1, informed the staff they would be paid their August and September salaries as well as one month's pay in lieu of notice. They were told not to return to their offices.

There was a net connection by about Taka 489 crore in notes in circulation in first two months of current fiscal 1991-92.

The latest Statement of Affairs of the central bank showed the amount of notes in circulation at Taka 3524.28 crore on August 29. The figure was Taka 4013.02 crore on last June 27.

Notes held in the Banking Department of Bangladesh Bank totalled Taka 16.27 lakh on August 29 against Taka 49.32 lakh on June 27.

The liabilities of Issue Department of Bangladesh Bank which included notes-in-circulation and notes held in its Banking Department aggregated Taka 3527.44 crore on August 29, according to the Statement of Affairs issued by the central bank on October 1. Such liabilities were Taka 4013.51 crore on June 27.

Against the liabilities of Issue Department of the cen-

## Architect of radical plans appointed in Soviet Advisory Council

MOSCOW, Oct 3: Soviet President Mikhail Gorbachev appointed leading economist Grigory Yavlinsky to his new liberal-minded Advisory Council, Tass news agency said, reports Reuter.

Yavlinsky - architect of radical plans to reshape the crumbling Soviet economy and an outspoken critic of the old guard - will be joining a team of reform-minded advisers on the political consultative committee.

Gorbachev, under pressure after August's failed headline to sever all links with conservatives, last week appointed the adviser to help him steer the country from rigidly-controlled communism to a union of sovereign states.

## Bonn budget body wants to slash '92 spending

BONN, Oct 3: The budget committee of Germany's Upper House of Parliament, the Bundestag, aims to slash planned 1992 federal spending of 422.5 billion Marks by four billion Marks, or around one per cent the head of the committee said, reports Reuter.

Rudi Walther, an opposition social Democrat who chairs the committee, said the efforts were being backed by the parties in Chancellor Helmut Kohl's centre-right coalition.

Walther criticised Finance Minister Theo Waigel for not making more cuts in planned 1992 spending. "Now the coalition has to catch up on the homework

## 3 Soviet republics sign accord on economic union

MOSCOW, Oct 3: Three Soviet republics signed an agreement on Wednesday to form a new economic union and the giant Russian federation was set to follow suit today, an independent news agency reported, says Reuter.

The Russian Information Agency (RIA) said Byelorussia (formerly Byelorussia) Kazakhstan and Uzbekistan were the first to sign the economic agreement on which 12 Soviet republics agreed in principle on Tuesday.

Russian Deputy Prime Minister Yevgeny Suburov was due to fly to the Black Sea resort of Sochi on Thursday and hand the agreement for signature to Russian President Boris Yeltsin, who is on holiday there.

"If Russia signs this document tomorrow, one can consider that the new union has been created," RIA quoted leading economist Grigory Yavlinsky as saying.

The agreement to forge an "economic commonwealth" between the 12 remaining Soviet republics — the three Baltics broke away as independent states last month — is the first attempt to form a new union after the collapse of central Soviet power.

A communique carried by the Soviet news agency Tass said the accord aimed at a fast transition towards the free market, promotion of free enterprise and the coordination of pricing, monetary and credit policies.

RIA quoted Acting Soviet Prime Minister Ivan Silayev as saying the agreement recognised "the impossibility of real economic success without private property".

In this respect it went much further than a earlier "500-day" economic reform plan which Soviet President Mikhail Gorbachev considered but then rejected last year. Soviet television said

Gorbachev's political consultative council met on Wednesday to discuss both the economic accord and a separate union treaty aimed at holding the 12 republics together in a new, looser union of sovereign states.

A copy of a new draft union treaty worked out by Gorbachev and Yeltsin was sent to the state council of republican leaders for their consideration, it said.

With the Soviet Union in deep economic crisis and facing a winter of shortages and hardship, the task of forging agreement between the republics has taken on added urgency.

Russian television reported what it called "sugar riots" in the city of Perm in the Ural Mountains.

"The city inhabitants are hijacking public transport vehicles and declaring that they will hold them until sugar appears in the shops," it said.

## Sharif's malpractices denied

ISLAMABAD, Oct 3: A top industrial group owned by the family of Pakistan Prime Minister Nawaz Sharif yesterday denied allegations attributing its vast expansion to financial malpractices, reports AFP.

The Ittefaq group "has an impeccable track record," its general manager, Haroon Pasha, told a press conference amid a continuing scandal involving credit cooperative societies.

Opposition leaders have accused the group of getting unsecured bank loans totalling 6.7 billion Rupees (268 million Dollars) in the past decade through Sharif's political influence.

Pasha said the group's total outstanding loans amounted to 2.75 billion Rupees (about 100 million Dollars) whereas the total assets pledged with commercial banks against these loans were 4.60 billion Rupees (184 million Dollars). He declined, however, to

give the figure of total borrowings of the group in last ten years.

Sharif was Finance Minister in Punjab from 1981 to 1985 and afterwards ruled the province as Chief Minister until the October 1990 general elections which brought him to power in Islamabad.

His opponents have also charged his family with borrowing heavily from a large cooperative.

More than two million people in Punjab, Sharif's power base, face the loss of their life savings as a result of the bankruptcy of some major credit cooperative societies, which illegally attracted deposits by offering high interest rates.

Pasha said loans taken by the group since Sharif assumed the Premiership were "much less" than those borrowed by it in any one year in the 50-year history of Ittefaq, which own a chain of textile

and sugar mills, a foundry and the largest private-sector steel mill in the country.

"Borrowings by Ittefaq group have also been repaid along with profit to the lenders on timely basis," he said adding that "not a single penny borrowed by Ittefaq has ever been sought for a writer-off".

He said the object of the "vindication campaign" was to "undermine the process of industrialisation in Pakistan" through private enterprises as promoted by Sharif.

The group has not purchased or invested in palatial houses in London, Cannes and Paris. All its assets are in Pakistan".

Former Premier Benazir Bhutto, dismissed for alleged corruption in August 1990, has spearheaded the opposition campaign against Sharif and his colleagues accusing them of economic mismanagement and financial wrongdoings during their year in office.

## Egypt still on 2 exchange rates

CAIRO, Oct 3: Two different rates still appeared in Egypt's foreign currency market today despite a government announcement that a single free market rate was to take effect, reports Reuter.

The Egyptian Pound closed at 3,311/333 to the Dollar on the secondary free market, down from yesterday's 3,308/331 and the 3,275/308 rate published by the central bank.

On Sunday, minister for the economy Youssri Mustapha said the official primary rate, which the government uses to import commodities and service debts, would be abolished today.

Unification of exchange rates is a key part of an economic reform plan agreed with the International Monetary Fund (IMF).

For the past few months, differences between the two

rates have averaged about one per cent and the government decided to unify the exchange rates for months ahead of a schedule agreed with the International Monetary Fund (IMF).

But central bank officials said they could not confirm that unification had taken place. The bank sent a circular listing official primary rates as usual after trading closed.

The two rates were originally to have been unified in February 1992, but the government, which has built up foreign exchange reserves of over three billion Dollars according to the Middle East Economic Survey, decided to move ahead of schedule.

Currency dealers say the main problem in recent months has been meeting demand for Egyptian Pounds rather than Dollars after the central bank slapped a tight

credit squeeze on the banks and has hosted its issue of treasury bills.

"Interest rates are still artificially low, but the bills are soaking up a lot of Egyptian pounds," one chief dealer in a joint venture bank said, adding that unification of exchange rates would further stabilise the market.

Confusion on the two rates came as an IMF team visited Egypt to review progress of the 18-month reform plan, four months after it was signed in May.

Diplomats and businessmen have said that financial reforms have generally gone according to plan, unlike public sector reform, which has become bogged down in political scabbles.

The government passed the public sector reform law in May and said it would publish the details in mid-September.

## Kazakhstan claims share of Soviet gold

MOSCOW, Oct 3: The Republic of Kazakhstan is claiming its share of the Soviet state's gold and silver and establishing its own independent reserves, Tass news agency reported on Wednesday, says Reuter.

Kazakhstan is the third largest producer of gold among the Soviet republics, behind the Russian Federation and Uzbekistan, according to Western estimates.

"As of next month, all purely marketable gold and silver produced on the territory of the Republic will be handled by the specially created consortium 'Kazalmazzoloto,'" Tass said.

"Only then is it planned to hand over part of the precious metals, in specifically agreed

quantities, to meet all-union requirements," it said.

Kazakh President Nursultan Nazarbayev has instructed the Republic's State Bank to set up the reserves. Hitherto deposited with the Soviet State Bank and marketed by the Bank for Foreign Economic Affairs.

Kazakhstan, rich in mineral resources, is one of the few Soviet republics not to have declared independence since August's failed bid to overthrow President Mikhail Gorbachev, but it wants independent status within a renewed federation.

Leading Soviet economist Grigory Yavlinsky said last week that the country sold large quantities of gold in 1990, slashing reserves to

around 240 tonnes. He described that as being about the same as the present annual rate of extraction, suggesting that Soviet gold production is falling.

The Soviet Union is one of the World's biggest producers of gold and silver. Silver output has historically been about 1,600 tonnes a year.

Yavlinsky's gold reserve estimate was well below figures quoted previously by Soviet and Western sources, which have been generally above 1,500 tonnes.

The newspaper Rabochaya Tribuna said one reason for the fall in output was that the industry was no longer attractive for prospective gold diggers

## Talks on Soviet aid needed

TOKYO, Oct 3: Multilateral talks on economic aid to the Soviet Union are necessary, said Peter Klemm, German Vice Finance Minister, reports Reuter.

Klemm, who is visiting Japan's Finance Ministry to exchange views on financial management, told a news conference that Germany had held bilateral talks with the Soviet Union and that although his country had been giving aid to Moscow, it might not be enough. More multilateral talks were needed.

Economic assistance to the Soviet Union will be discussed at a series of international financial meetings in Bangkok next week, he said.

Germany currently has a budget deficit of some 14 billion Marks, but the German Finance Ministry is confident about reducing it, Klemm said.

The German government will curb growth in government spending by various means such as reviewing defence costs and cutting subsidies, he said.

There were no major concerns over the German economy and it was widely expected to remain strong.

Former East German areas will eventually help accelerate economic growth in Germany as a whole and better growth will help cut the budget deficit, he said.

## EC employees strike brings headquarters to standstill

BRUSSELS, Oct 3: Most of the 14,500 officials at European Community (EC) headquarters here began a two-day pay strike Wednesday bringing work at the Community's Executive Commission to a virtual standstill, reports AFP.

Unions representing the Commission Employees are protesting attempts to renew a 10-year austerity "crisis levy" imposed on salaries in 1981.

Employees at the European Parliament are due to start a two-day strike on Thursday and officials working for the European Council of Ministers here have banned overtime.

EC bureaucrats staged several two-day strikes before the summer break, but negotiations with an EC Ministerial Council have remained blocked.

The so-called Eurocrats have a reputation of being among the World's best-paid bureaucrats. They receive more than their counterparts working for national governments within the EC.

But the EC unions argue that the difference is to compensate officials for living their home countries, and that they are paid no more than their counterparts at other international bodies such as the United Nations or NATO.

They have accused the EC administration of deliberately trying to cut back this advantage in order to make the jobs less attractive.

The unions say this would compromise the Commission's supposed reputation for impartiality.

## Saudi Riyal deposits display softer tons

NICOSIA, Oct 3: Saudi Riyal interbank rates displayed a softer tone in a market which remained liquid, reports Reuter.

Dealers said most operators were reluctant to lend fixed period maturities despite the excess liquidity due to expectations rates would eventually edge higher.

"Liquidity is continuing to build up in the short dates and there's no sign of it drying up," one dealer said. Spot - next and one-week were quoted at Tuesday's levels of 5-1/8, five per cent.

But fixed deposits were around 1/16 easier. One-month was put at 5-3/16, three-month at 5-3/8, 1/4 and six-months at 5/12, 3/8. The spot Riyal was 3.7503/06 to the Riyal.

# Bangladesh Bank affairs

Star Economic Report

3276.04 crore on August 29 from Taka 2895.21 crore on June 27.

Also on the assets side of Banking Department, the amounts of other loans and advances, investments, and 'other assets' stood at Taka 1235.70 crore, Taka 952.74 crore and Taka 1668.63 crore on August 27. The corresponding position on June 27 were: government - Taka 1.37 lakh, banks - Taka 1984.78 crore and others - Taka 3259.76 crore.

Bills payable, as liabilities of Banking Department, amounted to Taka 56.23 crore on August 29 compared with Taka 10.21 crore on June 27. 'Other liabilities' totaled Taka 1009.40 crore on August 29 against Taka 1170.69 crore on

government, banks, and others) rose by Taka 640.75 crore to Taka 5886.66 crore in first two months of current fiscal year. The deposits on August 29 were: government Taka 80.24 lakh, banks - Taka 1905.77 crore and others - Taka 3980.09 crore. The corresponding positions on June 27 were: government - Taka 1.37 lakh, banks - Taka 1984.78 crore and others - Taka 3259.76 crore.

Meanwhile, holdings of government treasury bills by the central bank in its Banking Department as assets were down to Taka 360.98 crore on August 29 from Taka 401.12 crore on June 27. This reflected lower amount of borrowings in the form of treasury bills by the government from the banking system at the close of first two months of current fiscal year than what the amount was at the close of fiscal 1990-91.

The balances held outside the country by Banking Department of Bangladesh Bank, also as its assets, rose by Taka 380.83 crore to Taka

3276.04 crore on August 29 from Taka 2895.21 crore on June 27.

Also on the assets side of Banking Department, the amounts of other loans and advances, investments, and 'other assets' stood at Taka 1235.70 crore, Taka 952.74 crore and Taka 1668.63 crore on August 27. The corresponding position on June 27 were: government - Taka 1.37 lakh, banks - Taka 1984.78 crore and others - Taka 3259.76 crore.

Bills payable, as liabilities of Banking Department, amounted to Taka 56.23 crore on August 29 compared with Taka 10.21 crore on June 27. 'Other liabilities' totaled Taka 1009.40 crore on August 29 against Taka 1170.69 crore on

government, banks, and others) rose by Taka 640.75 crore to Taka 5886.66 crore in first two months of current fiscal year. The deposits on August 29 were: government Taka 80.24 lakh, banks - Taka 1905.77 crore and others - Taka 3980.09 crore. The corresponding positions on June 27 were: government - Taka 1.37 lakh, banks - Taka 1984.78 crore and others - Taka 3259.76 crore.

Meanwhile, holdings of government treasury bills by the central bank in its Banking Department as assets were down to Taka 360.98 crore on August 29 from Taka 401.12 crore on June 27. This reflected lower amount of borrowings in the form of treasury bills by the government from the banking system at the close of first two months of current fiscal year than what the amount was at the close of fiscal 1990-91.

The balances held outside the country by Banking Department of Bangladesh Bank, also as its assets, rose by Taka 380.83 crore to Taka

June 27.

Also on the liabilities side of Banking Department, the figures for allocation of Special Drawing Rights, capital paid up and reserve fund remained unchanged on August 29, as on June 27, at Taka 91.74 crore, Taka three crore and Taka three crore respectively.

Rural credit fund, another liability item for Banking Department, stood at Taka 164.44 crore on August 29 against Taka 149.21 crore on June 27. Besides on the liabilities side, industrial credit fund amounted to Taka 51.79 crore and export credit fund totaled Taka 53 crore on August 29. The corresponding figures on June 27 were Taka 47.78 crore as industrial credit fund and Taka 160 crore as export credit fund. Agricultural credit stabilisation fund aggregated Taka 175 crore on August 29 compared with Taka 160 crore on June 27.

While many dealers and analysts are sceptical over the numbers, believing reserves to be a good deal higher, the news has still sparked solid rally in precious metals market.

## Gold hits six-week high

LONDON, Oct 3: Precious metals surged ahead in London trading on fund buying and gold hit a six-week high, reports Reuter.

Funds have been buying steadily this week following a statement last Friday from leading Soviet economist Grigory Yavlinsky that the country's gold reserves had fallen to 240 tonnes, traders said.

While many dealers and analysts are sceptical over the numbers, believing reserves to be a good deal higher, the news has still sparked solid rally in precious metals market.