

US House passes \$1.5t budget

WASHINGTON, Mar 12: The House of Representatives on Friday passed President Clinton's 1.5 trillion dollar budget which contains strict spending limits that leave little room for administration initiatives, reports Reuters.

The 222-164 vote was along strict party lines. No Republicans voted for it.

The budget, little changed from the way Clinton proposed it for the 1995 fiscal year starting October 1, will go to the Senate. It does not require a presidential signature because it only sets limits on internal congressional rules.

Clinton's plan has stringent spending limits. So although the president offered spending initiatives in the budget, as he had pledged to do, they shrank to a tiny portion of the spending plan.

Constrained by the spending rules, Clinton proposed initiatives of only 4.1 billion dollar in outlays and the House cut them to 3.7 billion dollar.

His initiatives include 36

million dollar for community development financial institutions, 207 million dollar for modernising the internal revenue service, 4 million dollar for the job corps, 11 million dollar for drug-free schools — and small amounts of money for dozens of other programmes.

Those amounts fade into insignificance against the overall 1.338 trillion dollar of income, 175 billion dollar short of the roughly 1.514 trillion dollar in outlays for fiscal year.

The big outlays in this budget are 337 billion dollar for social security, 271 billion dollar for the military, 214 billion dollar for interest and 161 billion dollar for medicare.

Among those expenditures, only the size of military expenditure was adjusted by the budget.

The military won 2.4 billion dollar more than the amount agreed to in the five-year, 500-billion dollar deficit

reduction plan passed by congress last summer. The military can spend the money in future years.

The money was adjusted upwards at the request of Clinton, after the pentagon complained that it could not live with the cuts required by the deficit reduction plan.

On Thursday, the house overwhelmingly backed Clinton's decision to increase military spending. On Friday, it rejected a more sweeping proposal offered by the congressional black caucus, which would have cut military spending 9 billion dollars in fiscal 1995 and increased money for social programmes.

Armed Services Committee Chairman Ron Dellums, a California Democrat who is a member of the black caucus, argued unsuccessfully the military was getting too much money.

"I have often said that if I could travel to another country and only read one document to find out about that country I would read its bud-

get," Dellums told the House.

He said someone reading the U.S. budget would find "We are maintaining too large a force for our military needs, threatening our ability to fund other national needs and that will ultimately threaten our security."

In addition to rejecting attempts to increase social spending, the House also rejected a proposal by New York representative Gerald Solomon to achieve 700 billion dollar in cuts over the next five years and reach a balanced budget.

A House will consider a balanced budget amendment to the constitution Wednesday.

Minnesota Democrat Tim Penny had called for support for the Solomon measure, adding:

"We need to know if we have a similar number of legislators who are ready to vote for a tough budget." He said, "How many of them will vote today for a balanced budget?"

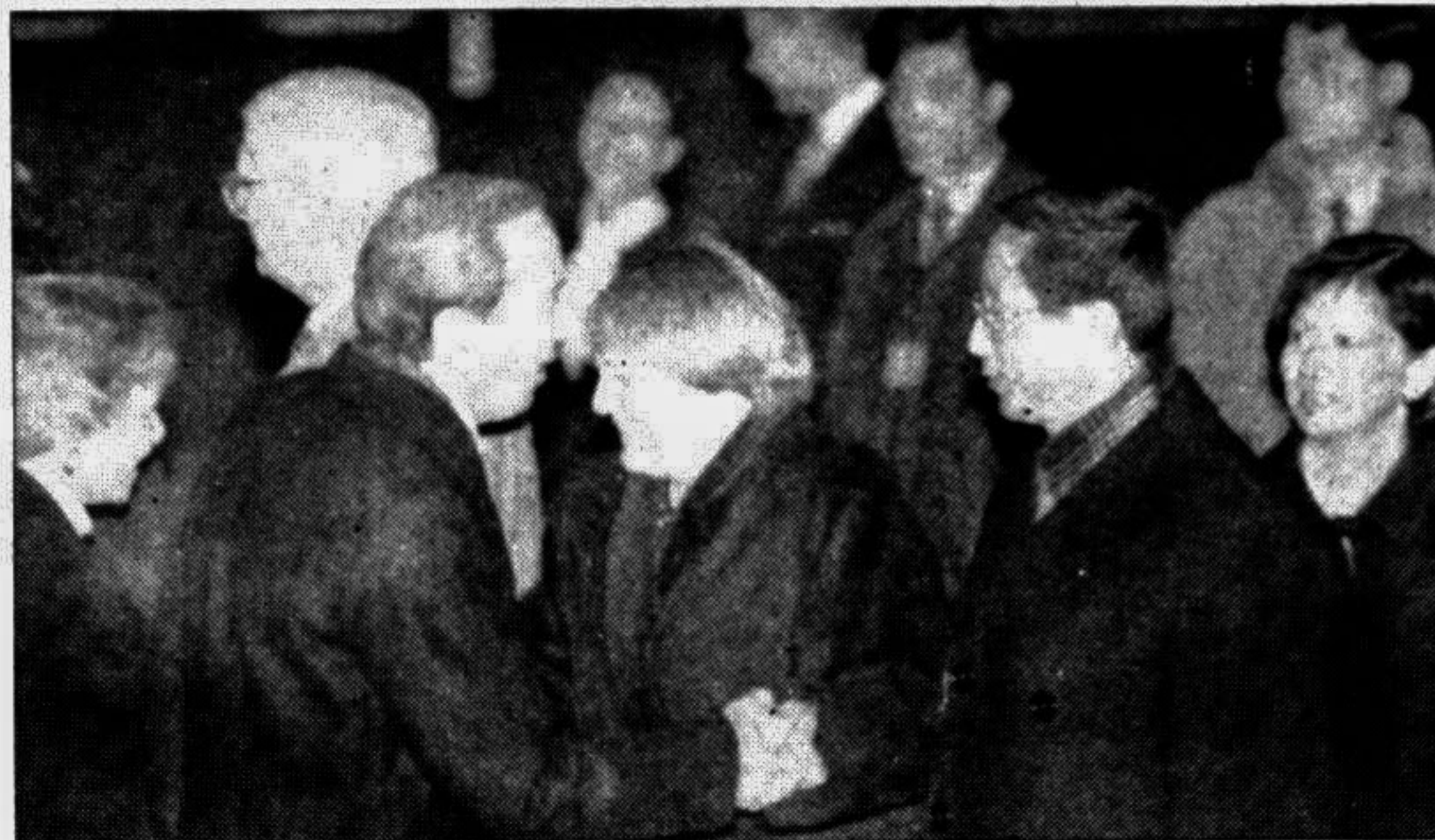
The proposal lost 342-73.

Beijing hikes defence spending

BEIJING, Mar 12: China unveiled plans today to hike defence spending by about 22 per cent in 1994 as it seeks to upgrade the People's Liberation Army to face the next century, reports Reuters.

Finance Minister Liu Zhongli, presenting his annual budget report to the current session of parliament, said defence spending was set at 52.04 billion yuan (5.9 billion dollars) against 42.5 billion yuan last year.

Defence is part of a broader budget item entitled "expenses for building up the national strength," which includes administrative and other costs, and is set to rise to 119.199 billion yuan (13 billion dollars) from 91.28 billion yuan in 1993.



US State Secretary Warren Christopher (front left) is welcomed upon arrival on Friday at Beijing airport by Chinese and US embassy officials for a crucial four-day visit that will be dominated by the issue of human rights and its linkage to the fate of China's preferential trade status.

Taiwan announces new budget

TAIPEI, Mar 12: Taiwan's cabinet has unveiled a stringent budget for fiscal 1995-96 beginning July 1 with a 1.2 per cent cut in government spending, cabinet officials said Friday, reports AFP.

The proposed budget of 1.05 trillion Taiwan dollars (39.84 billion US) was 1.2 per cent lower than the 1994-95 fiscal year, marking the first cut in 11 years, the officials said.

Premier Lien Chan presented the budget to Parliament Thursday for its approval.

The officials said the budget provided for an increase in spending on social welfare of 46.3 per cent in the current year, with spending on economic development down 16.8 per cent.

Government spending in the coming fiscal year would account for 15.93 per cent of the island's Gross Domestic Product, the lowest level since 1980, they said.

OECD warns against 'quick fixes' to deal with jobless problem

TOKYO, Mar 12: The Organisation of Economic Cooperation and Development (OECD), in a paper prepared for the Group of Seven (G-7) "employment summit" later this month, warned against using "quick fixes" to deal with the problems of unemployment, reports AFP.

The paper said "quick fixes" such as work-sharing or protectionism were not the answer to unemployment, and listed a number of macro-economic and structural measures to address the problem.

The members of the G-7 — Britain, Canada, France, Germany, Italy, Japan and the United States — are to meet in Detroit from March 14-15 to discuss how to create new jobs worldwide.

"There is talk in some countries of legislated across-the-board work-sharing ... and

there are vocal calls in most OECD countries for action to soften or slow down the pace of adjustment through protectionism," the eight-page text obtained here by AFP said.

The paper said that since enforced work-sharing did not increase jobs through boosting economic activity, it "has never succeeded in cutting unemployment significantly ... not least because of workers' resistance to reduced income."

But it underlined that voluntary negotiations between workers and their employers on more flexible working hours could be productive, as such measures could "lower costs and lead to higher employment."

In terms of protectionism, the OECD paper was even more critical.

"(Protectionism) reduces overall economic welfare, in-

creases costs to consumers, often hurting mostly those with lower incomes, penalises successful enterprises, harms exports, harms developing countries' trade, and increases the pressure for migration," it said.

It added that lobbying, bribery and corruption would become more widespread as protected sectors attempted to defend their advantages under a protectionist system.

The paper — which is also to be presented at an OECD ministerial conference in June — listed macro-economic recommendations and eight structural policies to deal with the problem of unemployment.

At a macro-economic level, the paper said it was necessary for governments to "revive and sustain activity" and later put in place a "satisfactory medium-term framework."

Exchange Rates

The following are the Sonali Bank's dealing rates to public for some selected foreign currencies effective as on Mar 12, 13, 14 and 15

(Figures in Taka)

Currency	Selling	Buying
	TT & OD	TT & OD
US Dollar	40.1805	39.9805
Pound Sterling	60.2908	59.5012
DM	23.9937	23.6227
Franc	7.0572	6.9468
C Dollar	29.6486	29.6707
Franc	28.4476	28.4688
Jap Yen	0.3867	0.3869
Indian Rupee (AMU)	1.2844	1.2883
Pak Rupee (AMU)	1.3178	1.3218
Iranian Rial (AMU)	0.0231	0.0232
A) T.T.(DOC) US Dollar Spot Buying Tk. 39.9382		
B) Usance Rates:		
30 Days DA	39.3480	39.0648
90 Days DA	38.7816	38.2152
C) US Dollar sight export bill 3 months forward purchase: Tk. 39.8950		
D) US Dollar 3 months forward sale: Tk. 40.6105		

Indicative Rates

Currency	Selling	Buying
	T.T. & O.D.	O.D. Transfer
S Riyal	10.7158	10.6050
UAE Dirham	10.9425	10.8294
Kuwaiti Dinar	134.7451	133.1470
Singapore Dollar	25.3828	25.1080
D Guilders	20.8278	20.6099
S Kroner	5.0316	4.9771
Malaysian Ringgit	14.7887	14.6325

Shipping Intelligence

CHITTAGONG PORT

Berth position and performance of vessels as on 12.03.94

Berth No	Name of vessel	Cargo	Last port	Local agent	Date of arrival	Leaving
J/3	Iokasti	Cement	Tuti	Litmond	1/01	20/03
J/4	Sukarawan	Naree	D Peas	Sing	1/03	13/03
J/5	Salem Nine	SSP	MSA	R/A	20/03	20/03
J/7	Thaila	GI	Const	OTL	26/02	13/03
J/9	Continent-1	GI	Kala	CLA	04/03	13/03
J/10	Dolores	Idle	Seacom	R/A	15/03	15/03
J/12	Lanka	cont	Col	Baridhi	8/03	12/03
J/13	Kota Buzna	Cont	Sing	RSL	8/03	12/03
MPB/1	Fong Yun	Cont	Sing	BDShip	10/03	13/03
CCJ	Alexander	Perederly	Gypsum	Visa	26/02	13/03
RM/4	Tanary Star	Cement	Tuti	USTC	20/02	17/03
RM/6	Ronjay Victory	Cement	Visa	USTC	7/01	13/03
DOJ	Banglar	Shitabab	Repair	Mong	R/A	20/03
DD	Loyal Bird	Repair	Mong	Seacom	15/11	17/03
DDJ/1	Banglar Asha	Repair	Mong	R/A	20/03	20/03
RM/9	Banglar Urm	Repair	Col	R/A	5/03	31/03

VESSELS DUE AT OUTER ANCHORAGE

Name of vessels	Date of arrival	Last port	Local agent	Cargo	Loading port
Banglar Baani	12/03	Mong	RSC	GL	Latakia
Meng Kiat 5/3	12/03	Call	AML	Cont	Sing
Arcadia-1	12/03	Visa	Call	C Clin	Sing
China Star	17/03	Sing	HEA	GI	Sing
Lamda	13/03	Niko	Commo	MOP(P)	Sing
Victoria	13/03	Zilon	MSA	Peas in Bulk	Sing
Hattana Naree	14/03	Aust	Seacom	Wheat(P)	Sing
Banglar Robi 5/3	16/03	Mong	RSC	Cont	Sing

TANKER DUE

Name of vessels	Date of arrival	Last port	Local agent	Cargo	Loading port
Tenshoo	13/03	Sing	Seacom	In Ballast	Sing
Easo Melbourne	14/03	Sing	MSPL	HSO	Sing
Ilya Chavchavade	21/03	Sing	CT	L Oil	Sing

VESSELS AT KUTUBDIA

Name of vessels	Cargo	Last port	Local agent	Date of arrival
Stls	C Peas	Sing	Peal	3/03
Eponyma	Cont	Sing	CTS	12/03

VESSELS AT OUTER ANCHORAGE

Name of vessels	Cargo	Last port	Local agent	Date of arrival
Stls	C Peas	Sing	Peal	3/03
Eponyma	Cont	Sing	CTS	12/03

MOVEMENT OF VESSELS FOR 13.15

OUTGOING	INCOMING	SHIPPING
13/3	J/4	J/4
J/4	J/9	J/9
J/9	J/13	J/13
J/13	MPB/1	MPB/1
MPB/1	CCJ	CCJ
CCJ	RM/6	RM/6
RM/6	RM/5	RM/5

The above were the Saturday's (12.3.94) shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

Dhaka Stock Prices

At the close of trading on March 12, 1994

Index up by 6 points

Star Report

The Dhaka Stock Exchange All Share Price Index posted a gain of about six per cent on the eve of Eid vacation while the gainers heavily dominated the floor of the DSE.

The price index Saturday reached 583.33598 from 577.44016, an increase of 5.896 points.

The Beximco Ltd topped the list of 38 gainers out of 48 issues traded in terms of volume.

The Beximco's 4800 shares were traded at the rate of Taka 78.34 as against Taka 76.24, the previous closing rate.

The Quasem Drycells (2300), Zeal Bangla Sugar (4700), Rupun Oil (4000), Beximco Synthetic (4000) and the Bata Shoe (1040) also gained significantly.

In terms of value, the Beximco Pharma dominated the gainers' list with a rise of Taka 99.50 per share.

The share prices of three issues declined and seven others remained unchanged.

The losers were: The Dhaka Vegetable, Reckitt and Colman and the Beximco infusions.

The turnovers on the DSE fell. The volume incurred a loss of 14.232 per cent and the value decreased by 62.142

Trading at a glance

DSE All Share Price Index	583.33598
Market Capitalisation Tk	3683765079.70
Turnover in Volume	33085
Turnover in Value	3507234.25

Company's name	Change (per share)	Number of shares traded
Gainers (38)		
IFTC	0.33	100
6th ICB M Fund	0.54	600
Aftab Automobiles	15.74	175
Eastern Cables	9.43	685
Karim Pipes	4.92	256
Atlas BD	3.88	550
Quasem Drycells	1.75	390
Renwick Jajneswar	12.87	200
Metalex Corp	10.13	45
National Tubes	6.67	240
B Thad Aluminium	8.07	290
Bengal Food	4.76	505
Zeal Bangla	1.18	4700
Rupun Oil	0.29	4000
Padma Oil	5.00	150
National Oxygen	10.00	30
Jute Spinner	14.00	20
Shine Pukur Jute	6.00	70
Ashraf Textile	2.67	150
Quasem Textile	0.78	200
Quasem Silk	0.90	700
Suham Textile	0.43	400
Tailu Spinning	2.25	200
Beximco Pharma	99.50	112
Petro Synthetic	0.50	100
Pharma Aids	2.59	185
Kohinoor Chemical	6.37	245
Beximco Synthetic	14.54	4000
Eagle Box	0.50	650
BD Monospool	16.36	5
Paper Processing	1.10	830
Bata Shoe	0.58	1040
Amber Pharma	0.88	1150
Milton Tanneries	11.00	10
Beximco Ltd	2.10	4800
Cig Cement	1.99	1400
BCIC	6.62	650
United Insurance	7.00	110
Losers (3)		
Dhaka Vegetable	2.00	80
Reckitt & Colman	3.33	150
Beximco infusions	9.13	10
Issues (7) unchanged		
AB Bank (39), National Bank (400), Azim Pipes (15), Singer BD (3), Padma Textile (400), Therapeutics (5), Umanisa Glass (100).		

DSE Shares and Debentures

Company	FV/ML (Taka)	Closing Rate (Taka)
BANKS (12)		
Al-Baraka Bank	1000/1	807.50
AB Bank	100/5	190.00
City Bank	100/5	286.00
Eastern Bank	100/20	110.00
IDLC Ltd	100/20	334.50
I.F.I.C.	100/5	155.33
Islami Bank	1000/1	1500.00
National Bank	100/5	125.00
Pubali Bank	100/5	100.00
Rupali Bank	100/10	95.00
U.C.B.L	100/5	108.00
Uttara Bank	100/5	90.00
INVESTMENT (8)		
ICB	100/5	110.00
1st ICB M Fund	100/5	600.00
2nd ICB M Fund	100/5	186.92
3rd ICB M Fund	100/5	185.00
4th ICB M Fund	100/10	190.00
5th ICB M Fund	100/10	149.36
6th ICB M Fund	100/10	112.33
ICB Unit Cert.		
Sales Price		119.00
Re-purchase		114.00
INSURANCE (4)		
BOIC	100/10	356.62
Green Delta	100/10	311.29
Peoples Insurance	100/10	408.00
United Insurance	100/10	320.00
ENGINEERING (19)		
Aftab Automobiles	100/5	260.74
Atlas Bangladesh	10/50	68.64
Aziz Pipes	100/5	380.00
Bangladesh Autocars	100/5	60.00
Bangladesh Lamps	100/5	630.00
B. Thad Aluminium	100/5	186.92
Bengal Carbide	100/5	425.00
Bengal Steel	10/50	20.00
Eastern Cables	100/5	108.75
Howlader PVC	100/10	100.00
Karim Pipe	100/5	105.92
Metalex Corp.	100/5	61.67
Monno Staffers	100/5	308.33
Monno Jute	100/5	1000.00
National Tubes	100/10	98.67
Panther Steel	10/50	8.00
Quasem Drycells	10/50	14.70
Renwick Jajneswar	100/5	92.87
Singer Bangladesh	100/5	1800.00
FOOD & ALLIED (23)		
A.B. Biscuit	100/5	199.00
Alpha Tobacco	10/50	53.00
Amam Sea Food	100/5	500.00
Anex Food	100/5	910.00
Aluma Tea	100/5	45.13
Bangas	100/5	140.00
B.D. Plantation	100/5	500.00
Bengal Food	100/5	199.76
B.L.T.C.	100/5	800.00
B.T.C.	10/50	192.12
Ctg. Vegetables	100/10	104.47
Dhaka Vegetables	100/5	135.00
E.L. Camellia	100/5	1040.00
Frorgles Export	10/50	4.00
Gemini Sea Food	100/5	93.15
Hill Plantation	100/5	550.00
Modern Industries	100/5	419.00
N.T.C.	100/52	350.00
Rabeya Flour	10/100	NT
Rupun Oil	10/100	6.00
Tulip Dairy	100/10	68.00
Yousuf Flour	10/50	NT
Zeal Bangla Sugar	10/50	10.71
FUEL & POWER (4)		
BD Oxygen	10/50	176.75
Eastern Lubricant	10/50	14.00
National Oxygen	100/10	85.00
Padma Oil Co.	10/50	70.00
TEXTILE (20)		
Alhaj Textile	10/50	NT
Arber Textile	100/10	112.00
Ashraf Textile	10/50	30.67
Chand Textile	10/50	NT
Chand Spinning	10/50	NT
Deed Garments	100/10	70.00
Dulamia Cotton	100/10	100.00
Eagle Star Textile	10/50	23.75
GMG Ind. Corp.	10/50	10.00
DEBENTURES (6)		
BCIL	2000/1	2650.00
(17%)		
Beximco	1865/1	1802.40
(17%)		
Beximco Infusion	1500/2	1890.00
(17%)		
Beximco Pharma	999/1	975.00
(17%)		
Beximco Synthetic	2500/2	2430.00
(14%)		
Quasem Silk	1500/1	1330.00
(17%)		
NOTE: FV = Face Value ML = Market Lot NT = Not Traded AL = Allotment Letter		

US-Japan trade dispute and related aspects — part two

(Following is the remaining part of the article published in our March 12, '94 issue).

Sanctions and Trade Relations:

Now, after the trade talks have failed and have not yielded any positive agreement, world leaders and observers are worried about whether US will impose sanctions against Japan or not. Will the trade disagreement fundamentally make the bilateral trade relations worse?

Although both sides have indicated tougher action and counter action against each other, neither Washington nor Tokyo has any interest in curtailing a bilateral trade that reached 155 billion US dollars last year. Nor does Clinton want to embarrass the reform-minded Hosokawa, whom he sees as the best hope for deregulating Japan's economy and reshaping its political system so that deregulation becomes permanent. Trade warfare serves no one. Besides, finding targets for retaliation without hurting US business and consumers is no easy task. It would have negative implications for the US economy itself.

In the midst of acrimonious trade tussles it is often overlooked that the United States and Japan share one of the two most important alliances in the world, if not the most important. The significance and scope of that relationship are frequently lost in the two countries' critical commentary about and counterattacks on each other. In brief, the salient facts are:

— The United States and

Japan, the two largest industrial democracies in the world produce over 40 per cent of the world's gross national product.

— The two countries possess and produce the most advanced science and technology.

— Japan still is the United States' largest creditor and United States Japan's largest market.

— Japan is surrounded by potential nuclear threats in China, Russia and the Korean peninsula and is still quite dependent upon the US security umbrella.

— Japan and US share a common interest in keeping the EC open for business and engaged in multilateral diplomacy, and they may have to act in concert on the common interest.

It appears that Washington will not be able to take unilateral action against Japan. Besides, there is difference of opinion among its own policy makers and administration on the issues of Japan's tremendous trade surplus. There was reportedly a clear division between advisers as US Trade Representative Mickey Kantor and Secretary of State Warrant Christopher, favoured a focus on specific Japanese trade barriers and those such as Treasury Secretary Lloyd Bentsen and Commerce Under Secretary Jeffrey Garten, wanted to emphasize that Japan has little foreign investment and runs trade surpluses with almost every country. Nor are all the Clinton supporters were of the opinion of striking back at the

Japanese. US labour Secretary Robert Reich and Chief Economic Adviser Laura Tyson both known publicly as sabre rattlers reportedly warned, internally against loose talk of US retaliation. Reasons might be as follows: sanctions won't do much to alter either Japan's global trade surplus or its surplus with the United States, which reached a record 59.4 billion US dollars last year. The imbalance US administration reportedly admit, is due largely to Japan's slow economic growth and its high rate of savings, not to trade barriers. And if Clinton actually moves beyond talk to raise tariffs on Japanese cellular phones, administration insiders figure, Japan will file a protest with GATT where it can publicly embarrass Washington for violating the global rules of free trade. More than 20 GATT member nations already criticized Washington's threats of unilateral action against Japan.

As a member of a multilateral system, the US simply has no right to act as judge and jury on Japanese trade practices. To put US behaviour in perspective, let us suppose France analysed US wine consumption and found an unfair bias in favour of inferior Californian brands. Would President Clinton be happy if President Mitterrand unilaterally set a numerical target for increased US imports of French Burgundy? Of course not. He would instantly condemn such bully-boy tactics.

The obsession with the Japanese bilateral imbalance is

even more fatuous. White House talk of impenetrable barriers creates the false impression that Japan buys virtually nothing from US. In reality US exports to Japan were 48 billion US dollars last year, making it America's second most important market. The bilateral deficit with Japan is declining relative to US national income. Besides, US itself practises some kind of protection for its different products. While US is actively trying to open government procurement markets abroad, GATT criticized US laws that provide preferential price treatment to domestic firms over imports and allow the purchase of foreign products only if they incorporate a minimum amount of local content while other laws explicitly bar foreign companies from submitting bids.

Implications

The possibility of imposing sanctions or taking any other kind of actions by US against Japan is less for the reasons explained earlier and it seems likely that the present trade dispute will last for some period. But what would be the implications if the dispute continues?

A prolonged tension between US and Japan would saddle consumers and business in both