

OPEC decides to roll over official production ceiling

ABU DHABI, Apr 2: OPEC Oil Ministers decided to roll over their official production ceiling under pressure from key Gulf members to defend their market share against independent producers, analysts said on Friday, reports AFP.

Although they realised such a decision could depress prices in the short term, Saudi Arabia and other Arab oil heavyweights in the region appeared reluctant to give in to demands from independent producers for mutual output reductions regardless of their size, the analysts said.

Gulf Cooperation Council (GCC) states have offered to cut output if other producers did so only because they knew they will not get concrete responses and such big outside exporters as Britain and Norway would not cooperate.

"Gulf states just wanted to throw the ball in the court of independent producers, knowing they are not willing to cooperate," a Gulf-based oil expert said, "they seem more determined now to defend their market share against outsiders and this influenced OPEC's latest decision to keep

the ceiling." At their talks in Geneva last week, Oil Ministers of the Organisation of Petroleum Exporting Countries decided to maintain the output ceiling of 24.52 million barrels per day (BPD) for the rest of the year despite calls for production cuts from such a major OPEC price hawk, Iran.

It was the first time in the cartel's 30-year history that output is to be kept for as long as 15 months as that ceiling was set at the start of October. Saudi Arabia and the other two main Gulf producers Kuwait and the United Arab Emirates (UAE) have previously shown flexibility in production policies, cutting output to lift prices and offset a rise in independent output.

But they appear to have virtually abandoned such flexibility since the end of the Gulf War that prompted most of them to hike production.

The three Gulf producers have been engaged in major projects to boost their output capacity to meet a predicted growth of around 10 million BPD on demand for OPEC oil by the year 2000. Experts said

the three were expected to provide more than half the increase while most of the rest will come from Iran, Iraq and Venezuela.

According to Kuwait's well-known economist, Jassim Al-Saadun, the Gulf is expected to provide nearly half the world crude supplies by the year 2010, when demand would grow by between 1.4 and two per cent to between 85 million and 92 million BPD from 67 million BPD currently.

"OPEC's agreement to roll over its ceiling was one of its strategic decisions that will enable the organisation to restore its market leadership and achieve long-term stability in the market," the official UAE news agency WAM said in a commentary Friday.

"The decision can be regarded as an inevitable surgical operation, the results of which will be in favour of the producers despite some pain."

The agency said independent producers had promised to trim output by 200,000-300,000 BPD but they insisted OPEC must cut first. "This could have pushed the two sides into an endless argu-

ment," it said.

Oil prices plunged by nearly 80 cents just after OPEC announced the rollover agreement, extending a decline that started in the second half of 1993 due to excess supply, mainly from the North Sea fields, world recession and the spectre of resumption of crude exports by embargo-hit Iraq.

Prices are now more than seven dollars below OPEC's benchmark of 21 dollars and around 30 per cent less than their level early last year.

Most Gulf Arab states cut their 1994 spending to adjust to low prices, which Saadun, also economic adviser to the Kuwaiti Parliament, projected to remain as low as 15 dollars a barrel until the year 2010.

Such a price is almost half its level during the first half of the 1980s, when GCC earnings exceeded 100 billion dollars per year compared with 70 billion dollars currently.

"Oil is losing ground to gas but it will remain a major source of energy in the near future," a Gulf oil expert said. "Gulf states realise this fact but they also know this could not happen if prices are high."

Inflation fears soar US interest rates

WASHINGTON, Apr 2: Inflation fears, revived by the release Friday of positive job figures for March, sent long-term interest rates soaring again in a nervous bond market, which earlier in the week caused stocks to plunge, reports AFP.

Bond prices tumbled the moment it was announced that 456,000 new jobs were created in March, twice what analysts had expected and the strongest showing since October 1987.

Average interest rates on 30-year treasury bonds shot up to 7.26 per cent from 7.08 per cent Thursday, hitting their highest level in a year.

The government also announced the unemployment rate was unchanged in March in 6.5 per cent, and that US personal income gained 1.3 per cent in February while personal spending rose 1.0 per cent.

Wall Street's reaction will not be known until next week because US stock exchanges were closed for Good Friday.

Thursday, the Dow Jones index of 30 leading industrials was closed up 9.21 points at 3,653.96. For the five-day period ending Thursday, the Dow

was down 139.06 points, or 3.68 per cent.

Even though employment statistics were better than expected, it was not a sign the economy was overheated, said Michael Flament, general manager of Wright Investment Services.

"It's a strong number but not as strong as it looks," he said, noting that 349,000 of the jobs created in March were part-time.

Last month's gain reflects a rebound in activity following a slack period in January and February due to an unusually harsh winter, he said.

In the first two months of the year, 107,500 and 217,000 new jobs were created, respectively. The average for the first quarter, 223,000, is comparable to the 200,000 jobs created in the fourth quarter of 1993, according to Flament. "It doesn't change the outlook of a moderate growth and low inflation," he said.

Flament, who believes the bond market is overreacting to the threat of inflation, said there were no signs of an overheated economy. For instance, the average hourly wage rose only a penny to 11.04 dollars from February to March, he said.

Kuwait to run \$5.9b budget deficit in '93-94

KUWAIT, Apr 2: Kuwait will run a budget deficit of about 1.5 billion dinars (5.9 billion US dollar) in the 1993-94 fiscal year, a 43 per cent increase over the 1.2 billion dinars originally planned, an economics consultancy said, reports Reuters.

If defence spending on major weapons — traditionally an off-budget item — was included, the deficit for the year ending on June 30 would be even bigger. Al-Shall Consultancy said in a weekly market commentary.

The year-long slide in oil prices is mainly to blame Al-Shall said. Budget plans assumed an average price for Kuwaiti crude of 15 US dollar a barrel but the price has usually been 11 to 12 US dollar.

Al-Shall said the gross 1993-94 budget deficit including transfers to foreign reserves would turn out at around 2.0 billion dinars, 31 per cent of 1992 Gross Domestic Product of 6.3 billion dinars.

The Economic Committee of the government's supreme planning council has said that without reforming the state-owned economy the budget deficit will grow by almost 50 per cent by the year 2000 and the dinar could be seriously affected.

Kuwaitis are used to a generous welfare state that provides public services free or at minimal cost and government jobs for virtually all nationals who want one.

But have war-related payments halved foreign reserves and low oil prices and continuing security worries about Iraq slowed further the long-stagnant economy.

A bill passed by parliament on March 22 approves in principle a 3.5 billion dinar programme of spending on weapons and military training between 1992 and 2004. The move signalled the end of an eight-month informal freeze on arms procurement.

Dhaka Stock Prices

Losers' domination on floor continues

At the close of trading on April 2, 1994
Star Report

Losers still continued domination on the floor of the Dhaka Stock Exchange (DSE) on Saturday, the opening day of the week, although trading activities of the companies increased.

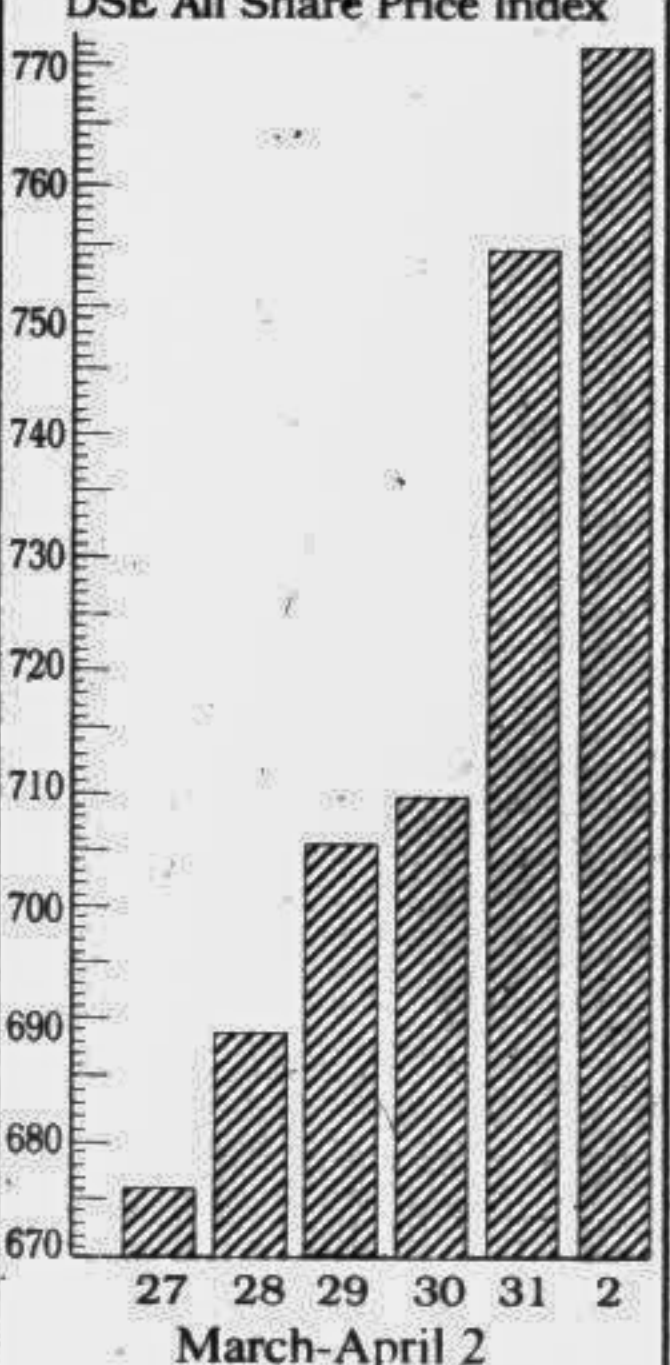
A total of 67 issues traded of which 46 lost, 16 gained and five others remained unchanged. The DSE All Share Price Index rose with a gain of 2.29 per cent. It reached 771.94685 from 754.63171.

Both the turnovers fell sharply. Turnover in volume decreased to 49573 from 148138 shares and debentures while turnover in value dropped to Taka 9946751.50 from Tk 92440280.00.

In terms of value, Beximco Pharmaceuticals Ltd led the gainers on the floor with a change of Tk 460.74 per share. Bangladesh Lamps, Beximco Infusion, ACI Bangladesh Manufacturers, Apex Footwear and BCI (Deb) were the major gainers of the day.

Among the losers, 6th ICB Mutual Fund (2280), Eastern Cables (1430), Quasem Drycells (5400), Bengal Food (2148), Rupun Oil (2800), Quasem Silk (1000), Eagle Star Textile (3700), Talu Spinning (1240), Ambee Pharma (1000), Beximco Synthetic (4160) and Eastern Insurance (3000) were the major volume leaders.

DSE All Share Price Index



DSE Shares and Debentures

Company	FV/ML (Taka)	Closing Rate (Taka)
BANKS (12)		
Al-Baraka Bank	1000/1	810.00
AB Bank	100/5	185.00
City Bank	100/5	290.00
Eastern Bank	100/20	110.00
IDLIC Ltd	100/20	500.00
IFIC	100/5	175.00
Islami Bank	1000/1	1700.00
National Bank	100/5	125.83
Pubali Bank	100/5	100.00
Rupali Bank	100/10	96.00
U.C.B.L	100/5	108.00
Uttara Bank	100/5	95.00

INVESTMENT (8)

ICB	100/5	120.00
1st ICB M. Fund	100/5	850.00
2nd ICB M. Fund	100/5	379.79
3rd ICB M. Fund	100/5	317.45
4th ICB M. Fund	100/10	339.17
5th ICB M. Fund	100/10	214.17
6th ICB M. Fund	100/10	150.32
ICB Unit Cert		120.00
Re-Purchase		115.00
INSURANCE (5)		
IGIC	100/10	410.66
Eastern Insurance	100/20	398.31
Green Delta	100/10	398.33
Peoples Insurance	100/10	450.00
United Insurance	100/10	390.00

ENGINEERING (19)

Aftab Automobiles	100/5	290.00
Atlas Bangladesh	10/50	69.64
Aziz Pipe	100/5	400.00
Bangladesh Autocars	100/5	62.94
Bangladesh Lamps	100/5	1185.45
B. Thal Aluminium	100/10	133.45
Bengal Carbide	100/5	499.89
Bengal Steel	10/50	20.00
Eastern Cables	100/5	137.30
Howlader PVC	100/10	98.32
Karim Pipe	100/5	110.00
Metalex Corp.	100/5	74.50
Monno Staffers	100/5	400.00
Monno Jute	100/5	1000.00
National Tubes	100/10	120.00
Panther Steel	10/50	8.00
Quasem Drycells	10/50	17.98
Rennick Jaineswar	100/5	95.00
Singer Bangladesh	100/5	52910.36

FOOD & ALLIED (28)

A.B. Biscuit	100/5	199.00
Alpha Tobacco	10/50	95.00
Amam Sea Food	100/5	500.00
Apex Food	100/5	1005.00
Aroma Tea	100/5	57.37
Bangas	100/5	160.00
B.D. Plantation	100/5	500.00
Bengal Food	100/5	350.30
BLTC	100/5	800.00
B.T.C.	10/50	230.00
Cit. Vegetables	100/10	120.00
Dhaka Vegetables	100/5	122.14
E.L. Camelia	100/5	1040.00
Frugles Export	10/50	3.00
Gemini Sea Food	100/5	45.00
Hill Plantation	100/5	550.00
Modern Industries	100/5	425.00
N.T.C.	100/5	290.00
Rubrya Flour	10/100	NT
Rupun Oil	10/100	5.87
Tulip Dairy	100/10	80.00
Yousuf Flour	10/50	NT
Zeal Bangla Sugar	10/50	9.72

FUEL & POWER (4)

BD Oxygen	10/50	225.52
Eastern Lubricant	10/50	14.00
National Oxygen	100/10	121.25
Padma Oil Co	10/50	92.00

TEXTILE (20)

Alhaj Textile	10/50	NT
Arbee Textile	100/10	112.00
Ashraf Textile	10/50	34.35
Chand Textile	10/50	NT
Chand Spinning	10/50	NT
Desh Garments	100/10	72.00
Dulama Cotton	100/10	101.38
Eagle Star Textile	10/50	18.56

Trading at a glance

DSE All Price Index 771.94685
Market Capitalisation Tk 3511866728.96
Turnover in Volume 49573
Turnover in Value Tk 9946751.50

Company's name Change Number (per share) of shares traded

Gainers (16)		
1st ICB M. Fund	100.00	5
Aftab Automobiles	9.07	200
BD Lamps Ltd	22.50	44
Howlader Pvc	2.14	410
Apex Foods	55.00	40
BTCL	8.09	297
BD Oxygen	4.44	1010
Shine Pakur Jute	11.33	85
Beximco Pharma	114660.74	110
ACI Deb	35.00	300
Beximco Infusions	232.60	430
CG Ball Pen	1.85	460
Monno Ceramic	11.39	46
Cit Cement Cliniker	9.75	2410
Apex Footwear	24.27	1300
BCI Deb	45.43	28

Losers (46)

3rd ICB MF	7.55	10
4th ICB MF	0.83	600
5th ICB MF	15.83	300
6th ICB MF	5.69	2280
Aziz Pipes	10.00	105
National Tubes	4.74	1430
Singer BD Ltd	234.78	140
Atlas BD	0.89	350
BD Autocars	1.29	340
Quasem Drycells	1.08	5400
National Tubes	5.00	130
BD Thal Aluminium	2.90	470
Alpha Tobacco	3.00	100
Bengal Food	39.70	2148
Frugles Export	0.50	150
Gemini Sea Food	5.00	30
Dhaka Vegetable	12.34	485
Rupun Oil	1.13	2800
Cit Vegetable	5.29	40
National Oxygen	13.75	80
Islam Jute	5.00	100
Sonali Aashaf	3.00	10
Ashraf Textile	4.08	550
Swan Textile	5.00	5
Quasem Silk	0.50	1000
Modern Dyeing	1.18	70
Eagle Star Textile	2.94	3700
Dulama Cotton	22.71	160
Talu Spinning	11.30	1249
Tamijuddin Textile	9.08	400
Padma Textile	7.85	340
Ambee Pharma	3.19	1000
Pharma Aids	3.33	45
Kohinoor Chemical	3.18	375
Rahman Chemicals	1.92	260
Wata Chemical	20.86	40
Beximco Synthetic	3.67	4160
Paper Processing	20.00	400
Apex Tannery	14.41	10
Bata Shoe BD	12.73	220
Umanita Glass	23.50	20
Beximco Ltd	1.92	6900
BCL	17.61	580
UCL	10.00	20
Eastern Insurance	13.47	3000

Unchanged (5)

Beximco Infusion Deb (32); Beximco Synthetic Deb (12); BCL (10); Monno Jute (16); Karim Pipe (96)

Japan's parliament okays \$107.28b stopgap budget

TOKYO, Apr 2: Parliament on Friday approved a 11.05 trillion yen (107.28 billion dollars) stopgap budget to cover the first 50 days of fiscal 1994 after deliberations delayed the full budget, reports AP.

The government usually completes its budget plan for the next fiscal year, starting April 1, by late December for introduction to Parliament in early January.

However, the budget bill for fiscal 1994 was completed until February 10 because Prime Minister Morihiro Hosokawa's coalition government was locked in a battle over political and tax reforms. That made a delay in parliamentary approval unavoidable for the 73.08 trillion yen (709.51 billion dollars) budget.

The 50-day budget was submitted to Parliament on Tuesday, approved by the lower house on Wednesday and sent to the upper house the same day.



Emirates Chairman Sheikh Ahmed Bin Saed Al Maktoum receiving "Best Airline" award at the recent ITB in Berlin. Also seen in the picture are Mohammad Al Owais, UAE's Ambassador to Germany.

South convinces North to ban export of hazardous waste

WASHINGTON, Apr 2: Developing countries have convinced almost all industrialized countries to ban immediately the exports of hazardous wastes for burial or incineration in the Third World, reports USIS.

Delegates from 64 countries at a conference capping a year of negotiations also decided to ban beginning in 1998 shipments to developing countries of hazardous materials destined for recycling.

The bans would also apply to Eastern Europe and the former Soviet Union. Industrialized countries, defined as those belonging to the Organization for Economic Cooperation and Development (OECD), could continue to trade hazardous materials among themselves.

The 64 countries participating in the negotiations were those that have ratified a 1989 treaty regulating shipments to developing countries of hazardous wastes and have been negotiating the past year to

stiffen it. They reached agreement March 25 at the end of a five-day meeting in Geneva, Switzerland.

The United States has not completed its ratification process but took part informally in the Geneva talks.

Rafe Pomerance, deputy assistant secretary of state for environment and development, said in an interview March 31 that the United States would continue its policy of permitting exports to developing countries for recycling of what it considers to be non-hazardous waste, such as scrap iron.

In addition, he said, recycling should be permitted in such special circumstances as a developing country devising or adopting an innovative process. Useful products derived from the recycling process are, generally, sold by the company in the developing country or returned to the firm in the industrialized country for a fee. "We haven't changed

our principles but we will have to evaluate them in the light of what happened in Geneva," he said.

The cost to industry in developed countries to dispose of hazardous wastes has risen sharply in recent years, largely because of opposition by community groups where landfills and incinerators would be located.

This led to a concern by developing countries that they could become the site for large-scale dumping of these wastes, which they might not be able to handle properly because of a lack of experts and specialized equipment.

They also became suspicious that the establishment of recycling centers within their borders would be primarily a means of getting around prohibitions against importing hazardous wastes for disposal.

These concerns led to a treaty in 1989 to limit the export of hazardous wastes for disposal or recycling. The major provision of the treaty is

that developing countries must give consent in writing before a firm in a developed country may ship hazardous wastes to them.

US law has had such a provision for several years.

Many developing countries and environmental groups in the North and the South believed the treaty was not strong enough and began almost immediately to lobby for a complete ban on all exports.



Biography of Jacques Diouf

Dr Jacques Diouf (of Senegal, born 1 August, 1938) was elected director general of the Food and Agriculture Organization of the United Nations (FAO) at the 27th session of the FAO conference held in November 1993.

He became the seventh director-general of FAO on January 1, 1994, the third from the developing world and the first African to hold the post since the organization was founded in 1946, says a FAO release.

From 1991 to 1993 Dr. Diouf was ambassador, Senegal permanent mission to the United Nations. Prior to that posting, he