

# Asian tea producers interested to form int'l cartel

COLOMBO, July 27: Asian growers are keen to form an international tea cartel to shore up prices, but trouble may be brewing already with a tepid response from key African producer Kenya, regional trade sources say, reports AFP.

India and Sri Lanka, the two main competitors, got together last week to propose an association of tea producing countries to safeguard common interests.

"An international tea producers' forum to safeguard the interests of tea producers through the exchange of information, research and marketing, and promoting strategies was considered an urgent need," the tea board here said.

While the official statement issued after bilateral talks did not use the word "cartel" nor go into details of how efforts would be coordinated in the proposed "forum", trade sources feel a strong cartel, similar to that formed by coffee producers, is needed to dictate world market prices.

Tea prices have been falling steadily in Asian auction centres due to United Nations

sanctions against Iraq, cash problems of Iran and the collapse of the former Soviet Union — all key consumers.

Production, on the other hand, has increased, compounding the worries of producers, who have been forced to sell at below cost.

The price of green leaf tea fell from 48 rupees (1.56 dollars) a kilogram (2.2 pounds) a year ago to 20 to 26 rupees in India, where some 100 processing plants in the southern Nilgiri region were forced to close after failing to meet costs.

The Sri Lankan government is trying to reopen some 50 factories, which closed in the past two years. Tea board officials said another 20 factories were beyond saving.

**Four other tea exporting countries — Bangladesh, Indonesia, Malawi and Uganda have expressed interest in joining a producers' club. The six countries together account for about two-thirds of the world's one billion kilogram (2.2 billion pound) tea export market.**

But regional industry

sources say Kenya, which accounts for just under 25 per cent of the market, so far has remained lukewarm to the suggestion.

Unlike in India and Sri Lanka, where productivity remains low despite the industry being over a century old, Kenya's relatively new tea plantations give higher yields and good returns to growers, who can afford to bear lower prices.

**Traders and exporters in the Bangladeshi port city of Chittagong, the country's main tea trade centre, welcomed with cautious optimism the idea of a tea cartel, expecting benefits in the short term.**

However, Iqbal Dada, Chairman of the Bangladesh Tea Traders Association, said Kenya was a major player in any cartel and, if Nairobi stays out, the grouping may not be effective.

Earlier attempts to organise a tea forum failed in the mid-1980s because prices were so attractive, no producer was willing to forgo bumper profits by withholding supplies.

Now the situation has be-

come desperate for Asia's tea industry.

In Sri Lanka alone, some half a million people are directly employed in plucking tea leaves and processing. Tea is its main export commodity.

Western and west Asian buyers have been abandoning one auction centre after another in the region, many ending up buying tea cheap in Kenya.

"Against this back drop, the formation of a tea cartel by some major tea producers would always be welcome," an India Tea Association spokesman said.

The trade in Sri Lanka, however, believes that while the creation of a mechanism to regulate sales was welcome under present circumstances, a slight recovery might discourage producers from restricting exports.

"If the market gets a bit better, the Indians will be happy to go to it alone," a member of the Colombo Tea Traders Association said. "But for us the prices will have to go up dramatically before we can think of another course."

# EU okays subsidies for Air France, Olympic Airways

BRUSSELS, Belgium, July 27: The European Union on Wednesday approved huge subsidies packages for Air France and Greece's Olympic Airways with the stipulation that the money be used to make the airlines financially healthy, reports AP.

The EU executive commission let France pump 20 billion francs (370 million dollars) into its money-losing air carrier. Separately, it approved Greek plans to inject 545 billion drachmas (2.28 billion dollars) to help restructure Olympic Airways.

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The airline also must pay back 1.5 billion French francs (250 million dollars) it got from the government earlier this year, the commission said. It called that an illegal subsidy.

Air France's competitors say the money would give the giant

carrier unfair advantages, and consumer advocates said it would lead to decreased competition and higher fares.

But France claims the subsidy will help make the airline more efficient by restructuring to cut jobs.

Air France lost 7.5 billion francs (1.4 billion dollars) in 1993. Its debts total 37 billion francs (6.7 billion dollars).

Under EU rules, industry subsidies must be approved by the EU executive agency that acts as an anti-trust, anti-monopoly watchdog.

Government subsidies are a sensitive issue in the 12-nation EU which is trying to open up the airline market to increased competition.

Britain has said it would take the European Commission to court if it approved the Air France subsidies.

Most of Europe's major carriers are money-losing, wholly or partly state-owned carriers. One notable exception is British Airways, which is privately-owned and profitable.

# Dhaka Stock Prices

At the close of trading on July 27, 1994

## Index surges by 30 points

### Star Report

The Dhaka Stock Exchange

All Share Price Index surged

on Wednesday while the

turnovers on the DSE fell.

The index reached

690.56680 from 660.01064,

registering a sharp gain of

30.56 points.

The turnover in volume in-

curred a loss of 40,350 per

cent and the turnover in value

decreased by 57,632 per cent.

A total of 45,088 shares

worth Tk 1,15,25,620.00

changed hands as against

Tuesday's 75,588 shares val-

ued at Tk 2,72,03,826.50.

The number of issues

traded totalled 55, in which

22 gained, 22 incurred losses

and 11 others remained un-

changed.

Zeal Bangla Sugar led the

gainers in terms of volume

with 10,800 shares traded.

City Bank (1000), BTC

(2823), Beximco Fisheries

(2780), Beximco Synthetic

(3300) and Apex Tannery

(3192) also gained signifi-

cantly.

In terms of value, Singer

Bangladesh Ltd topped the

gainers' list with a rise of Tk

71.43 per share.

Beximco Ltd dominated the

losers' list in terms of volume.

Its 48 shares were traded

Among the losers, Rupon

Oil (3000), Apex Spinning

(1260), Beximco Pharma

(2200) and Eastern Insurance

(1320) were also major volume

leaders.

### Trading at a glance

DSE All Share Price Index 690.56680

Market Capitalisation Tk 3,14,58,74,489.73

Turnover in Volume 45,088

Turnover in Value Tk 1,15,25,620.00

Company's Change Number

name (per share) of shares traded

Tk traded

**Gainers (22)**

City Bank 5.00 1000

United Leasing Co 2.84 500

4th ICB M Fund 17.73 110

5th ICB M Fund 2.69 20

6th ICB M Fund 6.37 930

Bengal Carbide 13.64 55

Singer BD 71.43 63

Quasim Drycells 0.07 500

National Tubes 0.25 40

BD Thal Aluminum 1.28 120

BTC 31.06 2832

Dhaka Vegetable 3.50 20

Zeal Bangla Sugar 0.23 10800

Beximco Fisheries 4.94 2780

Ashraf Textile 0.17 200

Padma Textile 0.83 400

Pharmaco 2.00 10

Beximco Infusions 3.57 10

Beximco Synthetic 4.77 3300

Apex Tannery 0.62 3192

CQ Ball Pen 0.65 530

Apex Footwear 1.57 300

**Losers (22)**

BD Lamps 1.13 256

Eastern Cables 0.92 540

Atlas BD 0.42 420

Metalex Corp 1.00 10

Bengal Food 1.40 101

Rupon Oil 0.23 3000

Ctg Vegetable 0.19 10

BD Oxygen 0.78 150

Salman Textile 2.53 48

Taluk Spinning 1.00 50

Apex Spinning 5.02 1260

Beximco Pharma 5.00 2200

Pharma Aids 20.00 10

Kohinoor Chemical 0.34 105

Libra Pharma 2.00 120

Bata Shoe 0.02 980

Monno Ceramic 2.00 300

Usmania Glass 7.22 90

Beximco Ltd 0.93 4800

Eastern Insurance 0.72 1320

B Fisheries (Deb) 0.41 101

B Synthetic (Deb) 21.33 6

### Issues (11) unchanged

Al Baraka Bank (2), 1st ICB M

Fund (50), National Oxygen

(210), Shine Pukur Jute (30),

Rahim Textile (5), Dulamia

Cotton (240), Ibsina (40),

Rahman Chemicals (220), Eagle

Box (100), BGIC (160), Beximco

Pharma Deb (10)

**DSE All Share Price Index**

700

690

680

670

660

650

640

630

&lt;p