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IMF to end some monitoring programmes

REUTERS, *Washington*

The International Monetary Fund said Thursday it will end some economic monitoring programme because they are sometimes mistakenly seen as a sign the IMF approves of a particular nation's policies.

An IMF statement said it would stop offering the Staff Monitored Programmes (SMPs) to countries that want to be monitored just so they can "provide assessments of their economic policies to official and/or private creditors.

"Given the close formal resemblance to fund-supported programmes, these signaling SMPs risk being misinterpreted as carrying the fund's seal of approval," the IMF said. "Moreover, relatively lax standards for reporting on performance have allowed members to use the positive signal of initiating an SMP without adequate follow-up on implementation."

In essence, the IMF is no longer willing to be used to provide a signal to Wall Street and others that a particular nation's economic polices are to be commended.

Under the current system, the lender gives an endorsement of the policies followed by nations that borrow IMF cash. But it also has offered Staff Monitored programmes to nations that request them. The IMF provided SMPs so it could continue to offer advice and technical assistance to nations that had not been granted loans, but the system was open to abuse.

The IMF said it will try to signal tacit endorsement of economic policies for nations without IMF loans through mechanisms such as an annual review of a member country's economy.

The IMF will still offer some Staff Monitored Programmes for nations that need the help as a stepping stone towards a full fledged IMF programme, or for countries that have gone off tracks under the conditions of an existing IMF loan.

Islami Bank signs deal with CRISL

Islami Bank Bangladesh Limited signed an agreement with Credit Rating Information and Services Ltd (CRISL) on Monday in Dhaka to rate the bank in connection with issuance of rights shares, says a press release.

The agreement was signed by Abdur Raquib, executive president of the bank, Muzaffar Ahmed, president and CEO of CRISL.

Shah Abdul Hannan, chairman and Mir Quasem Ali, vice-chairman, Board of Directors, A N M A Zaher, Chairman, Executive Committee, Prof. Mohammad Abdullah and Md. Shahidul Islam, directors, Nasiruddin Ahmed, deputy executive president, Md. Shouquat Ali, secretary, Md. Habibur Rahman Bhuiyan, senior vice-president and Sk Moshiur Rahman, assistant vice-president of the bank, Jamal Uddin Ahmad, chairman, Khan Abdus Sobhan, general manager, Mizanur Rahman Shipon, and Muhammad Maniruzzaman, financial analysts of CRISL, were present at the signing ceremony.

ICAB seminar on money laundering

The Institute of Chartered Accountants of Bangladesh (ICAB) organised a continuing professional education (CPE) seminar on "Anti-money laundering measures -- the global scenario vis-a-vis Bangladesh perspective" at ICAB auditorium at Karwan Bazar in Dhaka recently, says a press release.

Shah Mohammad Abul Husain, state minister for Finance, was the chief guest at the seminar.

Zahir Uddin Ahmed, adviser-SAFA and Member Council & Past President-ICAB, was the session chairman while Murshid Kuli Khan, managing director of Janata Bank, presented the keynote paper.

A K Gulam Kibria, president of ICAB, and M Farhad Hossain, vice president of ICAB, also spoke at the seminar.

The seminar was attended by members Council, past presidents and members of ICAB, government officials, members of the electronic and print media.

Tea loses taste

Prices erode on exporters' shyness, absence of market players

NURUL ALAM, *Chittagong*

Bangladesh tea market slumped with prices going down sharply amid heavy withdrawal of unsold tea in auctions, brokers and traders said.

After registering an unusual increase in January, tea prices dropped sharply by almost 50 per cent to Tk 60 per kg.

Tea market experts attributed the price drop to shyness of exporters, absence of big market players and lack of quality tea.

"The tea market crashed recently as the prices suddenly started falling after witnessing an unusually hike from the beginning of the year," said Iqbal Dada, former chairman of Tea Traders Association of Bangladesh (TTAB), an association of tea exporters. "There was no exporter in the auctions after prices increased dramatically," he added.

The tea price had increased up to Tk 120 per kilogram but is now hovering around Tk 60 per kg.

Managing Director of a leading tea brokering house, National Brokers Ltd, Rasul Nizam said the market collapsed as most of the internal buyers refrained from participating in the auctions during the past two weeks though they were aggressive earlier."

"Tetley, a Bangladesh-India joint venture company which purchases huge quantity of tea from the auctions for marketing packet tea in the country, remained shy of taking part in the auctions for weeks," Nizam said.

He also attributed the sudden price fall to poor quality of tea.

So far, 40 auctions were held in the current season and prices started falling from the 39th auction. The market experienced an unusual price hike from the 35th auction, brokers said. The tea auction season begins in the port city from April each year that covers a total of 45 auctions held on Tuesdays.

Good liquor tea, which hit as high as Tk 140 per kg in January, is now selling below Tk 100 per kg, Nizam said.

With the depression in the market, more than 50 per cent of tea offered in the past two weeks remained unsold, he said. "Out of about 25,000 packages of tea offered by my house, 62 per cent remained unsold in last week's auction."

Incumbent chairman of TTAB Feroz Ahmed said the internal buyers who had heavily participated in the auctions earlier banking on the cold spell and Union Parishad election campaign are not active anymore which significantly contributed to price drop."

"The election fever and cold spell have almost eased now. So, the internal buyers are no more active like before," Feroz said.

He, however, see a good opportunity for exporters to reenter the market as they stayed away from the market when prices started going up sharply.

The market is going through corrections, said former chairman of Bangladesh Tea Growers Association AQI Chowdhury. "Our tea price is settling down because the prices made an artificial jump in the middle of the season."

Chowdhury said that a section of tea traders have started importing tea from India through under-invoicing prices. "If we need to import tea, it should be done through Chittagong Port and the government should take measures to check such under-invoicing" he added.

Asian shipping lines brace for cost battle

REUTERS, *Singapore*

Shipping lines and exporters in Asia are bracing for additional hikes in insurance and fuel costs as the prospect of war in Iraq looms.

They are already paying the highest fuel costs in more than 10 years and could soon be forced to pay thousands of dollars more to insure their vessels for each trip.

"Insurance companies have been revising their premiums and it is likely they will try to push up the premiums, but of course there is a lot of resistance," said an industry source from a container shipping line. "Who wants to pay more?"

He estimated war-risk premiums on vessels entering the Middle East could range from 0.25-1.25 per cent of the hull value of a vessel, depending on factors such as location, size and condition of the ship.

Shippers slapped with the 0.25 per cent premium would pay an additional $125,000 for a new ship with a capacity of 5,000 containers -- twenty-foot equivalent units (TEUs) -- with a value of $50 million.

In a circular to brokers, seen by Reuters, one leading syndicate in the Lloyd's insurance market said war-risk premiums have already risen to 0.6 per cent for calls to the port of Umm Qasr and 0.5 per cent to Mina Al Bakr in Iraq.

Gulf ports and huge swathes of the Middle East were added to the war risk exclusion list in the aftermath of the September 11 attacks. The move means underwriters are able to charge what they deem necessary to cover the risk of visiting those areas.

Shipping lines said any new war risk premiums are risk premiums are expected to be passed on to customers through a surcharge.

During the 1991 Gulf War, shippers imposed a surcharge of up to $250 per TEU, said a director of a European shipping line.

That would have translated into a $1.25 million surcharge for customers exporting 5,000 typical containers of goods, although they may have negotiated caps with the shipping lines.

While crude prices are at 28-month peaks, shipping fuel in Asia is its highest since the Gulf war, adding to what analysts say usually accounts for a small percentage of overall expenditure for shipping lines.

PHOTO: ISLAMI BANK

Abdur Raquib, executive president of Islami Bank Bangladesh Limited, and Muzaffar Ahmed, president and CEO of Credit Rating Information and Services Limited, sign an agreement in Dhaka on Monday to rate the bank in connection with issuance of rights shares.

US offers broad plan for Americas' free trade area

AFP, *Washington*

The United States offered its plan Tuesday for a hemispheric free-trade pact, proposing ending tariffs on all textile and apparel goods within five years of the launch of the Free Trade Area of the Americas.

The proposal was contained in the US offer for the Western Hemisphere trade pact, which officials hope to create by 2005.

"The US has created a detailed road map for free trade in the Western Hemisphere -- we've put all our tariffs on the table, because free trade benefits all and brings us closer together as neighbors," US Trade Representative Robert Zoellick said.

The proposal would eliminate all duties on consumer and industrial products by 2015. And 65 per cent of consumer and industrial goods tariffs would be eliminated immediately upon launch of the FTAA.

The plan, which must be accepted by the 34 nations seeking to form a free trade zone for all of North and South America by January 1, 2005, does not include any reductions in the most contentious sector, agricultural subsidies.

But it does include a phased-in reduction of agriculture import tariffs. Fifty-six per cent of agriculture import tariffs would be eliminated immediately upon initiation of the FTAA, while other agricultural tariffs would be reduced in stages lasting longer than 10 years.

Each country planning to participate in the FTAA must submit a proposal by February 15 for negotiating the trade pact. The United States is the first country to announce this proposal.

"It is our shared hemispheric vision that free trade and openness benefits everyone and provides opportunity, prosperity and hope to all our peoples. President (George W.) Bush has made the FTAA a top US priority, and today we deliver with bold proposals to lower barriers throughout the region," Zoellick said.

"The US is already a very open market. The FTAA will benefit American farmers, workers, consumers and businesses by reducing high tariffs and trade barriers throughout the rest of the Western Hemisphere, while promoting regional economic growth and integration."

Among other highlights of the US offer:

- The immediate elimination of tariffs is offered on a reciprocal basis in chemicals, construction and mining equipment, electrical equipment, energy products, environmental products, information technology, medical equipment, non-woven fabric, paper, steel and wood products.

- Companies in FTAA countries would be able to compete for US government procurement contracts on an equal footing with firms from current North American Free Trade Agreement partners for goods and services purchased by 51 federal government agencies.

The trade zone would include an area with 800 million people and an economic output of some 13 trillion dollars.

Negotiations on the plan are set to begin in June, and ministerial-level talks are slated for November.

Oil hits 28-month high

REUTERS, *Singapore*

Oil prices climbed for a fourth day Friday, scaling new 28-month highs before a critical briefing to the UN Security Council by arms inspectors, which may bring a US-led attack on Iraq closer.

US light crude CLH3 hit a peak at $36.70 a barrel, the highest level since October 2000, bringing gains since Monday to more than $2.

At 0717 GMT, US crude for March delivery stood 30 cents up at $36.66.

The market was on edge ahead of chief UN weapons inspector Hans Blix's address to the Security Council at 1515 GMT on Friday.

UN diplomats said that Blix and his colleague Mohammed ElBaradei are likely to a tell the Council that Iraq has not fully cooperated with disarmament demands but refrain from saying that Baghdad has utterly failed to comply.

ElBaradei, the head of the UN's nuclear agency, said on Thursday that Iraq still had a chance to "exonerate itself" but only full cooperation would prevent the United States from launching an attack.

Washington, backed by Britain, has vowed to disarm Iraq of alleged biological, chemical and possible nuclear weapons, with or without wide support from the international community.

The arms inspectors' statement is expected to be key in determining whether wavering council members call for further inspections or back US-British plans for an invasion.

"The market has pretty well priced in the worst case scenario but it could go up with the launch of hostilities. Some people are talking $45 to $50 a barrel, but I just don't think those levels are sustainable, especially as we move out of winter," said David Thurtell at Commonwealth Bank is Sydney.

Wafer-thin fuel stocks in the United States and the looming threat of war in the Middle East have pumped prices up more than 35 percent since early December, when an anti-government strike in Venezuela slashed oil sales from the fifth biggest exporter.

The lost of Venezuelan oil which accounts for roughly 13 per cent of US imports, has left fuel stocks in the United States at the lowest levels since the mid-1970s at a time when freezing winter weather has brought petroleum demand to a seasonal peak.

Adding to concerns of a supply crunch as Venezuelan exports struggle to recovery to pre-strike levels, traders fear a war in Iraq, the world's eight biggest crude exporter, could disrupt crude flows from other producers in the Middle East, which supply about 40 percent of globally traded crude.

Mutual Trust Bank declares 20pc cash dividend

Mutual Trust Bank Ltd has declared a 20 per cent cash dividend for the shareholders for the year 2002.

The dividend was announced at the fourth annual general meeting of the bank held at the board room of the bank in Dhaka recently, says a press release.

Syed Manzur Elahi, chairman of the bank presided over the meeting.

The Board of Directors and shareholders approved the directors' report, audited balance sheet and profit & loss account of the bank for the year 2002.

Vice-Chairman Samson H Chowdhury, Managing Director Mosharraf Hossain, and other directors and shareholders were present in the meeting.

PHOTO: MUTUAL TRUST BANK

Syed Manzur Elahi, chairman of the Mutual Trust Bank Ltd, presides over the fourth annual general meeting of the bank held at its boardroom in Dhaka recently. Vice-Chairman Samson H Chowdhury and Managing Director Mosharraf Hossain were present in the meeting.

India discovers second major oil jackpot this month

AFP, *New Delhi*

Import-hungry India on Friday announced the discovery of a major offshore oilfield with a reserve of 48 million tonnes of crude oil and natural gas, marking its second petroleum bonanza in 10 days.

State-owned exploration firm Oil and Natural Gas Corp. (ONGC) said the latest find off the coast of Bombay was in the periphery of the high-yield Bassein gasfield in the Arabian Sea.

"The two well-drilling campaigns west of Bombay coast shows the presence of several hydrocarbon-bearing zones that are estimated to hold around 48 million tonnes of oil and oil equivalent gas," a senior ONGC official here announced.

The latest find comes 10 days after India said Britain's Cairn Energy Plc had found an oilfield in the desert state of Rajasthan with a reserve of 155 million barrels, or 20 million tonnes, of crude oil.

Besides the oilfield, the British firm also found a surprise gasfield in the region, cradled in the acrid Thar desert.

ONGC earlier this year hit a jackpot in the Arabian Sea's Bassein gasfield with the discovery of a further 97 million tonnes of crude oil and gas.

Bassein West currently produces 32 million cubic metres (1.13 billion feet) of natural gas ever day while its eastern zone holds 3.5 trillion cubic feet of gas reserves besides crude oil.

ONGC said it would integrate the new finds and pump the yields through a 10-kilometre (6.2-mile) submarine pipeline for processing before selling to domestic customers.

"The smaller discoveries are not commercially viable on their own. But if they are tied up with existing facilities, about two million tonnes of additional crude oil can be produced in the next two years," the official said.

India expects exploration firms other than ONGC to strike further oil and gas reserves in several areas of the country.

In January, India's largest private sector group Reliance Industries struck oil and gas off the coast of the western state of Gujarat with a yield of a million cubic metres a day.

Last year it made one of the biggest gas hits ever in India with the discovery of seven trillion cubic feet, equivalent to 1.2 billion barrels of crude oil in the Krishna Godavari Basin off the country's east coast.

The recoverable reserves of over five trillion cubic feet are expected to jack up gas availability to consumers in the country by almost 60 per cent.

India hopes the string of discoveries will boost its domestic oil and gas sector where local production accounts for only 30 per cent of the nation's total consumption.

India is apprehensive that a possible war on Iraq could lead to a national energy crisis if the conflict in the Gulf drags beyond a month or expands to Kuwait.

It has drawn up plans to boost its crude oil reserve to 45 days to meet contingencies from the current storage capacity of 19 days.

Philippines anxiously awaits word on possible sanctions

AFP, *Manila*

Banks and regulators agreed Friday to adopt contingency measures as the Philippines anxiously awaited word on threatened sanctions over supposed weak legislation against terrorist and criminal finance.

Congress passed amendments to its money laundering law on Thursday, but the measure fell short of standards set by the Financial Action Task Force (FATF), an anti-money laundering global monitor led by developed nations.

Manila had not yet gotten word on whether the FATF would consider the changes consistent with international standards, President Gloria Arroyo's spokesman Ignacio Bunye said.

But the Central Bank of the Philippines and the country's commercial banks agreed Friday to draw up a contingency mechanism to handle the dollar remittances of millions of Filipinos working abroad should the Paris-based FATF impose sanctions.

Government officials warn that among the worst affected would be the seven million Filipinos working overseas whose remittances back home to their families may be delayed for weeks.

Central bank deputy governor Alberto Reyes said the monetary authorities plan to open-up a facility solely for banks to service the requirement of the overseas workers.

"We will have to prepare," Reyes told reporters.

The industry group Bankers Association of the Philippines has been asked to "to submit (a) contingency plan based on various scenarios and the possible sanctions," Reyes said.

The FATF had given Manila a February 12 deadline to pass the amendments or face sanctions that could delay financial transactions involving Filipino entities.

However lawmakers concede the version that was passed fell short of the requirements of the FATF, raising the possibility that the group might still hit the Philippines with financial sanctions anyway.

Among the shortcomings of the amendments passed by Congress is that they did not lift the requirement that anti-money laundering probers must get a court order before looking into suspicious bank accounts.

Banking officials say that the requirement for court orders makes it extremely difficult to look into an account before the money is transfered elsewhere.

Bunye said the risk of sanctions was one possibility. Another was that the FATF "will reject the amendments but would give us time to make the corrections."

Arroyo has not signed the amendments into law yet in case they need to be changed further if the FATF does not approve of them.

US gasoline prices near record high

AFP, *Washington*

US gasoline prices have risen to near record levels, largely due to fears about war in Iraq and terrorism, the American Automobile Association said Tuesday.

Retail pump prices rose by 10 cents per gallon in the past week to average more than 1.60 dollars a gallon (42 cents per liter), the highest price level ever recorded during February, according to AAA.

The AAA said in a regular monthly report that the dramatic rise in retail gasoline prices has been prompted by oil companies' fears about the continued US military buildup on Iraq's borders, and the prospect of a potential conflict affecting global oil supplies.

"This sharp increase is due mostly to industry fear and speculation concerning war with Iraq and the possibility of another terrorist strike on the United States," said Geoff Sundstrom, a spokesman for the AAA in Orlando, Florida.

"This week's fuel price is the highest ever recorded by AAA during February, a time when gasoline prices are generally lower than during other months of the year," Sundstrom said.

He explained that gasoline prices continue to be "negatively affected nationwide" by the loss of fuel shipments from Venezuela as well as the spate of recent cold weather across the US.

BP announces huge investment in Russia

AFP, *London*

British group BP announced Tuesday a major expansion into the burgeoning Russian oil industry, signalling renewed confidence in the country's complex business world with a multi-billion-dollar investment.

BP said the investment of 6.75 billion dollars (6.3 billion euros) over four years -- the single largest made by a foreign company in Russia in the post-Soviet era -- would create the country's third-biggest oil and gas business.

It will also raise BP's own daily oil output by about 25 per cent at a time when the company has attracted criticism from shareholders about its failure to meet its production growth targets.

Chief executive John Browne said the deal with partner TNK was a "major strategic step into a country with massive oil and gas reserves and immense potential for future growth."

Under the deal, which has been agreed in principle, BP and Russian holding company Alfa Group and Access-Renova (AAR) will combine their interests in the company, which is rapidly emerging as a major rival to Gulf oil producers.

The new group, in which the two partners will each own a 50-per cent stake, will incorporate Russian oil firms Sidanco, in which BP owns 25 per cent, and TNK.

US Airways wins conditional approval of loan guarantee

AFP, *Washington*

US Airways, fighting to emerge from bankruptcy next month, secured conditional approval Tuesday for a 900-million-dollar government loan guarantee.

The Air Transportation Stabilization Board (ATSB) said in a statement that it had unanimously agreed to approve the guarantee, which covers 90 per cent of a proposed one-billion-dollar loan.

US Airways had presented a business plan that "reasonably positions the applicant to meet the challenges and risks of this industry," said the board's executive director, Daniel Montgomery.

The loan guarantee was subject to conditions, including a confirmation by the Bankruptcy Court of US Airways' plan to restructure, Montgomery said in a letter to US Airways chief executive David Siegel.

US Airways has said it plans to emerge from bankruptcy court protection by the end of March.

As part of the loan guarantee, the government receives warrants -- a security that allows it to buy shares -- representing 10 per cent of the airline's equity once it comes out of bankruptcy.

US Airways applied for Chapter 11 bankruptcy protection in August last year, the first major US carrier to do so after the September 11, 2001 hijackings frightened many passengers out of the skies.