

WB, IMF shareholders split on Iraq rebuilding

REUTERS, Washington

The IMF and World Bank heads want their shareholders' consensus before working to rebuild Iraq, but some countries worry the United States is trying to use the multilateral lenders to cut out the UN.

According to a World Bank official, Britain, France and Germany do not want the bank and fund to render assistance to the war-battered country without the United Nations' blessing. These countries fear US President George W. Bush would use the IMF and World Bank as an excuse to say he is taking a multilateral route, the official said.

Bush infuriated many countries, including France and Germany, when he bypassed the United Nations and went to war with Iraq with few allies. Now those countries are pressing for a

big UN role in the reconstruction.

"The British, French and the Germans have been working together to make sure the bank works in step with the United Nations," a World Bank official told Reuters.

"They are concerned the United States is using the bank and the fund as a multilateral fig leaf for their own unilateral policies," the source, who spoke on condition of anonymity, added.

The United States, which as the largest shareholder of both institutions is often accused of using the two institutions to achieve its own political ends, is pushing for them to get to work on Iraq right away.

World Bank President James Wolfensohn and IMF Managing Director Horst Koehler are trying to avoid being caught in the middle. They have both said they are ready to help, if

they are asked, but they need the backing of their shareholders -- the same countries that belong to the UN -- before embarking on the task of assessing how much help Iraq will actually need.

"Because of the complexity of this situation and because of the sanctions... it is a subject which I personally think I should take to the board," Wolfensohn said at a press conference on Thursday.

Speaking separately, Koehler agreed, urging the world to seek "cohesiveness" on a framework for Iraq's rehabilitation and saying he could only get to work with the consent of my board.

Meanwhile, US Treasury Secretary John Snow said Wolfensohn should rethink his comments and said no further authority is needed for the bank to get involved.

"I guess I'm surprised by (the) statement that even on technical

assessment (Wolfensohn) has to wait for other authorisation before he can proceed," Snow said at a later press briefing in response to a question.

"I hope he reconsiders that, because I think the World Bank today should be getting involved and trying to make those assessments."

The World Bank chief told Reuters earlier this week that it is not possible to do an assessment of the costs involved in the reconstruction of Iraq while sitting in Washington. And technically, once the fighting has stopped, Wolfensohn said there is nothing to stop him putting "half a dozen people on an airplane to go over there and take a look."

But he wants to ensure he has the consensus of his shareholders behind him.



Suvastu Development Limited signed a memorandum of understanding (MoU) with National Housing Finance and Investments Limited in Dhaka on Wednesday. National Housing Managing Director Ansar Uddin Ahmed, Deputy Managing Director Sabbir Ahmed, Nizam Ahmed, Saidur Rahman of the finance company and Suvastu Managing Director Nazmul Haque Khan, directors Akil Akter Chowdhury and Md Abidur Rahman were present at the signing ceremony.

PHOTO: SUVASTU DEVELOPMENT

SIA lays off 200 trainees, steps up capacity cuts

AFP, Singapore

Singapore Airlines (SIA) on Friday laid off over 200 trainees and made deeper capacity cuts due to a further drop in demand as a result of the SARS health scare, the Iraq war and the global slowdown.

"Singapore Airlines is releasing 206 trainees who were being trained to become cabin crew," the carrier said in a statement.

"The move was taken reluctantly but became necessary with the global downturn in air travel caused by war in Iraq and concern over the outbreak of SARS in East Asia, apart from the continuing weakness in the global economy," it added.

Ticket sales surge for Concorde farewell

INTERNET, undated

British Airways sold more than 1,000 Concorde tickets Thursday, 20 times more than on a normal day, as people scrambled to book trips on the supersonic aircraft before it is retired in October.

Many took advantage of half-price fares, on offer to ensure that the remaining 200 Concorde flights are as full as possible. BA plans a valedictory tour of Britain in the autumn, during which Concorde is likely to visit several airports before retiring to a museum.

The company said that it was retiring Concorde for purely commercial reasons and not because of increased technical problems since services resumed in November 2001. However, Airbus, the manufacturer formed from the British and French companies that built Concorde, said the supersonic fleet had become increasingly unreliable after 27 years of passenger service.

A spokesman said: "It was designed in the mid-60s, before the pocket calculator, meaning that the electronics are analogue rather than digital. It is increasingly difficult to find parts to keep it going." Airbus had told BA that it would cost an extra £40 million in the next two years to keep Concorde flying.

BA is already struggling to cut costs after a collapse in sales of business and first-class fares. Concorde has been hit

hardest, with only a fraction of the 100 seats on each flight sold at the full price of £4,000 for a one-way journey from London to New York.

Air France, the other Concorde operator, has fared even worse, selling only one fifth of seats. It will cease scheduled Concorde flights next month.

Rod Eddington, BA's chief executive, said: "The major corporations, such as City banks, who were the backbone of Concorde's financial viability, have literally written Concorde out of their travel budgets. If you're laying people off, senior executives then find it inconsistent to go to the airport and get on Concorde rather than subsonic aircraft."

Eddington said that it was a considerable blow to BA to lose its flagship. "Concorde changed the way people travelled," he said. "With its going, we must lose some of the romance from aviation."

Jean-Cyril Spinetta, the president of Air France, said in Paris: "Never has such a beautiful object been designed and built by man."

Eddington rejected calls to preserve a couple of Concordes to allow for a return to service if demand picked up. "This is a large commercial plane which has extraordinary technology," he said. "We could not afford to keep the experts here to maintain it."

Weekly Currency Roundup

April 5-April 10, 2003

Local FX Market

US dollar started weak in this week against Bangladeshi taka due to lower import and higher supply of the greenback. But at the end of the week dollar became stronger against the taka because of short supply and increased import and outward remittances.

Money Market

Bangladesh Bank borrowed BDT 1,903 million by the Treasury bill auction held on Sunday, which was lower than the previous week. Weighted average yield of 28-D bill and 5-yr bill was down by 4 bps and 1 bps to 7.81 per cent and 11.49 per cent respectively.

The call money rate was 8.00-8.25 per cent at the beginning of the week. It then eased slightly to 7.00-8.00 per cent as liquidity condition of the market improved. The rate increased later in the week and was stable at 7.75-8.25 per cent.

International FX Market

US dollar surged more than one per cent against the euro and hit a three-month high against the Swiss franc on Monday as strikes by US ground forces reached momentum and the chances of a swift end to the war in Iraq increased. Dollar powered to two-week highs beyond \$1.0561 per euro and above 120.87 yen. Sterling also slid to a 4-month low versus the dollar on Monday. Growing belief that the conflict may be reaching its end also lifted the dollar 1.50 per cent on the Swiss franc.

Dollar fell against the euro in the middle of the week despite increasing market conviction that the war on Iraq was ending, as investors grew concerned with US economic fundamentals. Against the Japanese yen, dollar received some support from Japanese players. Greenback held steady on the yen at 119.78. Dollar was also down by a third of a per cent against the Swiss franc. But it was slightly up against the Sterling. Euro gained by almost 0.40 per cent against the Japanese currency.

At the end of the week dollar weakened to its lowest level in more than a week against the euro as the market paid little attention to the collapse of Saddam Hussein's rule in Iraq and focused on the health on US economy. US stock prices were dragged down by worries about the economy and sagging US corporate profits. US dollar faces a test when US international trade data for February is due soon. That would be followed by retail sales data on Friday. Euro was quoted at \$1.0771 against the dollar. Euro also hit 10-day highs against the yen of 129.66, before easing to 129.11.

At 1530 hours on Thursday, euro was at 1.0766/69, GBP at 1.5641/46 and yen at 119.96/01 against the dollar.

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American Airline warns workers of bankruptcy risks

REUTERS, Fort Worth, Tex/Chicago

American Airlines Chief Executive Donald Carty warned Thursday that the world's largest airline may still file for bankruptcy even if union workers agree to big concession packages next week.

"I must tell you honestly, that given the impact of the war in Iraq and a continued weak economy, the possibility of a bankruptcy filing remains, these tentative agreements notwithstanding," Carty, the head of American's parent AMR Corp, told employees at a town hall meeting in Fort Worth, Texas.

Carty told workers there can be no second bite at the apple and if they did not vote to approve concession pacts aimed at saving the airline \$1.8 billion in labour costs a year, a bankruptcy filing would be imminent.



PHOTO: PHUKET AIR

Top ten agents of Phuket Air and the officials of the Thai airline pose for a photograph at a function held in Chittagong on Tuesday, where the agents were honoured.

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