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World oil prices hit fresh 30-month lows

LONDON, Jan 10: World oil prices hit fresh 30-month lows on Friday before ending marginally above those levels in markets that showed no enthusiasm for a climb higher, reports Reuter.

Mild winter weather in the northern hemisphere, blamed by some on the El Nino effect, weak Asian demand and extra crude supplies promised by OPEC members in 1998, have weighed heavily on crude prices.

In the last two months, oil has lost a quarter of its value, falling from more than 20 dollar a barrel to 15-16 dollar this week as bearish fundamentals loomed large.

On Friday, London futures for benchmark North Sea Brent blend traded in a narrow range, closing 22 cents lower on the day at dollar 15.50 a barrel, having hit a fresh 30-month low of dollar 15.45 just minutes earlier.

Oil futures touched a two and half year low of dollar 15.49 on Wednesday but have recovered slightly as institutional funds that speculate on oil markets discreetly bought futures to cover some of their short positions.

Oil traders are now pinning faint hopes for a price recovery on refinery maintenance in the United States that might eat into the unseasonably high level of product stocks.

Warm weather has cut demand in the US for heating oil, traditionally the product that leads the market at this time of the year, and many doubt prices can climb from their doldrums.

Nicholus said most of the bad news was already built into prices but next week the forbearance of markets will again be tested as Iraq resumes crude exports and the levels of recent OPEC production become clearer.

Tankers on Tuesday will begin loading Iraqi crude being exported under the third phase of the UN's "oil-for-food" accord, which allows Baghdad to earn 2 billion dollars every six months to pay for humanitarian supplies.

Diplomatic squabbles have blocked exports since the end of the last phase on December 5 and their restart from the Turkish port of Ceyhan will quickly depress already weakened Mediterranean crude markets.

Much of the recent oil price fall has been blamed on the decision by the Organisation of Petroleum Exporting Countries to increase their output quota by 10 per cent.

Traders said they hoped it would soon become clear if Saudi Arabia, the world's largest oil exporter, had taken advantage of its increased quoted to raise output.

The kingdom has the right to increase exports to 8.76 million barrels per day, some 400,000 barrels more than the amount it was believed to be producing towards the end of 1997.

But Saudi Oil-Minister Ali Al-Naimi has said Riyadh has no intention of pumping oil onto a saturated market.

OPEC members were banking on Asia to absorb most of their extra output in 1998 but the region's fiscal crisis has crippled local buying power and cut deeply into forecast demand growth.

Japanese companies are already strenuously resisting Saudi pressure to buy more oil as they, in common with other Asian refiners, cut back on plant throughput.

Lampomacchine, Banital sign agreement

Star Business Report

Lampomacchine Int'l SRL of Italy and Banital Shoe Industries Ltd have signed a technical, management and marketing agreement.

The accord was signed between the two sides in presence of the visiting Italian Trade Minister, Augusto Fantozzi at a city hotel on Friday, says a press release.

Under this agreement, Lampomacchine Int'l SRL will supply complete machinery, train the Banital workers and managers and provide experienced Italian managers for management and production besides assisting in marketing the end products.

When completed, the project will be the first of its kind in Bangladesh applying the most modern computerised designing system currently used in Europe.

Banital is situated in Savar, near Dhaka, a complete and a very modern 100 per cent export-oriented shoe production unit with a capacity of 2000 pairs per day men's and ladies shoes of international standard from Bangladesh leather for North American and European market.

Banital will employ approximately 500 local workers and supervisory staff. The factory will be managed by a team of five Italian full time experts for productions.

The project is considered to represent a renewed interest in the Italian private sector to involve in Bangladesh's highly potential leather sector and to transfer technology and know how as a mutually beneficial collaboration.

China's trade surplus triples

BEIJING, Jan 10: China's trade surplus more than tripled to 40.34 billion dollars in 1997, compared to the previous year, the official Xinhua news agency today quoted the general administration of customs as saying, reports AFP.

China recorded a trade surplus of 12.24 billion dollars in 1996, it said.

Exports rose 20.9 per cent to 182.7 billion dollars last year, while imports grew only 2.5 per cent to 142. 36 billion dollars.

Trade volume grew 12.1 per cent to 325.06 billion dollars, the customs figures said.

The customs administration said China's processing trade, involving importing materials and then exporting them as finished products, grew 15.8 per cent to 169.81 billion dollars.

Non-processing trade increased 14.5 per cent to 117 billion dollars, the report said.

State-owned enterprises' trade volume was up 12.7 per cent at 163.06 billion dollars in 1997, while overseas-funded enterprises' volume was 11.3 per cent at 152.62 billion dollars, it said.

Dow tumbles 222 points as Asian economy worsens

NEW YORK, Jan 10: The Dow Jones industrial average tumbled 222 points as a third straight day of steep declines in Asia made it clear that the economic crisis threatening the world economy since October is festering rather than healing, reports AP.

The Dow, which has fallen more than four per cent in the first six sessions of 1998 after logging an impressive 23.6 per cent gain in 1997, fell as much as 275 points during the heavily traded session before closing Friday with a loss of 222.20 at 7,580.42.

It was the worst one-day point drop for Dow since Oct. 27's record plunge of 554 points and fourth biggest in history for the famed barometer of 30 big companies.

However, the damage was heaviest among technology shares, the sector deemed most vulnerable to the trouble overseas. The technology-heavy Nasdaq Stock market suffered its second-worst point drop ever.

It was the fourth busiest day ever on the New York Stock Exchange, with 746.42 million shares changing hands.

The panicky sell-off came after investors woke up again to steep market declines in Southeast Asia, this time in the Philippines, where stocks plunged 8.3 per cent, and Singapore, where the main market index sank 7.4 per cent.

"What's so aggravating is that it doesn't seem that the financial crisis in Asia has bottomed," said Hugh Johnson, chief investment officer at First Albany Corp. "Last week, for one fleeting moment, it started to seem as though we were turning the corner. We had meaningful rallies in just about every country" in the Pacific Rim.

Mexico peso also closed sharply weaker Friday as local and foreign stock markets plunged. The peso closed at 8.18 to the dollar, sharply weaker from its open of 8.082 and also much weaker from its close of 8.074 on Thursday. Mexico's key IPC index was down 3.8 per cent at the peso's close.

Defunct Pak BCCI employees seek protection of rights

KARACHI, Jan 10: Former employees of the defunct Bank of Credit and Commerce International (BCCI) yesterday urged Pakistan not to allow BCCI liquidators to take away the bank's assets, reports AFP.

This is necessary to protect rights of the former employees who have not been paid their "rightful" dues, said Mohammad Ali Qayoom, Chief Organiser of London-based BCCI Employees Campaign.

Qayoom told reporters here the former employees had not been paid their salaries and other rights by the liquidators despite a lapse of six years.

He said three BCCI branches in Pakistan had estimated assets of about 15 million dollars and a loan of 500 million dollars which had been given to local Attock Oil Mill.

The UK-based Toch and Ross are liquidating BCCI assets in Britain and 71 other countries, which are estimated at 22 billion dollars, besides a capital fund of more than one billion dollars.

Sarwana and company is representing Toch and Ross in Pakistan.

"We have been waiting for more than six years to get our salaries and other benefits including provident funds and gratuity from the liquidators," Qayoom said.

Lanka will buy 40 railway carriages from Pakistan

COLOMBO, Jan 10: Sri Lanka today agreed to buy 40 railway carriages from Pakistan under a five million dollar credit line offered by Islamabad, officials said, reports AFP.

The deal, worth three million dollars, was concluded during the two days of talks ending here today between trade and commerce ministers from the two countries, officials said.

"We are utilising the Pakistan credit line to buy these train wagons," Sri Lanka's Trade Minister Kingsley Wickremaratne said adding that both countries were keen to increase the level of bilateral trade.

The minister said Sri Lanka was exploring the possibility of collaborating with Pakistan's automobile industry by supplying rubber technology available here.

"We can go into partnership with Pakistan manufacturers to set up rubber component manufacturing facilities because we have the raw material as well as the expertise," the minister said.

He said the trade balance favoured Pakistan but Sri Lanka was more concerned about the level of trade. "We have volumes to increase from both sides," he said.

He said Pakistan could help Sri Lanka in the food processing industry, agricultural machinery and building construction.

Trade between the two South Asian countries had increased by 40 per cent in the past seven years and there had been a shift in the trade balance favouring Pakistan, officials here said.

A three-year contract to promote the world famous Milo chocolate health drink in Bangladesh has been signed between national cricket star Aminul Islam Bulbul and Nestlé Bangladesh Limited on January 7. In the picture, Aminul Islam Bulbul and N J S Miller, Managing Director, Nestlé Bangladesh Limited, are shaking hands after signing of the contract. Bulbul will participate in the countrywide Milo campaign during this period.

World gold market faces reduced demand from SEA

LONDON, Jan 10: The gold market faces reduced demand from Southeast Asia in the coming year and further sales from European central bank reserves, but may nonetheless recoup some lost ground in 1998, experts said on Thursday, reports AFP.

Stewart Murray of Gold Fields Mineral Services (GFMS) said in a statement that "the economic ramifications of the East Asian crisis will continue to affect the region's gold offtake for some time."

The author of GFMS annual review of the gold market said that dealers also face the possibility of concerted selling of European central bank reserves before the selection of countries to participate in the launch of the single currency in May 1998.

However, Murray predicted that this "might, somewhat paradoxically, even benefit gold if such sales were seen as less of a threat compared to the uncontrolled and unpredictable flow of metal on to market last year."

Gold prices hit an 18-year low in late 1997, as the market reeled under the weight of widespread selling of central bank reserves, notably from Australia and Argentina.

Throughout 1997, dealers were alarmed by the prospect of European central banks offloading gold reserves in a bid to reduce national debt as governments scrambled to meet the qualifying tests for monetary union.

"If official sector stocks stop being regarded as a huge and threatening overhang ... hedgers and investment funds might start taking a more positive view on gold," Murray said.

The gold analyst predicted that there might be a "sterilisation of reserves" after the launch of the single currency on January 1, 1999.

GFMS said that official gold sales rose by 64 per cent last year to a net amount of 393 tonnes.

IMF okays $2b payout for Seoul

WASHINGTON, Jan 10: The International Monetary fund approved a two billion dollars payment for troubled South Korea yesterday, bringing its total emergency funding for Seoul to 13 billion dollars in just over a month, says Reuters.

IMF Deputy Managing Director Stanley Fischer, speaking soon after the decision was reached, said the South Korean economy the world's 11th biggest was likely to recover soon.

"In the past, the Korean economy has shown remarkable powers of recuperation when faced with a big crisis, and we have seen a little bit of that already," Fischer told CNN Television.

"If they continue with those (current account) surpluses, their foreign exchange problems will be mitigated to a great extent and the situation will improve faster than anyone thinks," he said.

The two billion dollars payment was approved on Thursday after a regular meeting of the IMF board. It is the fourth payment to be made on the fund's record-breaking 21 billion dollars loan.

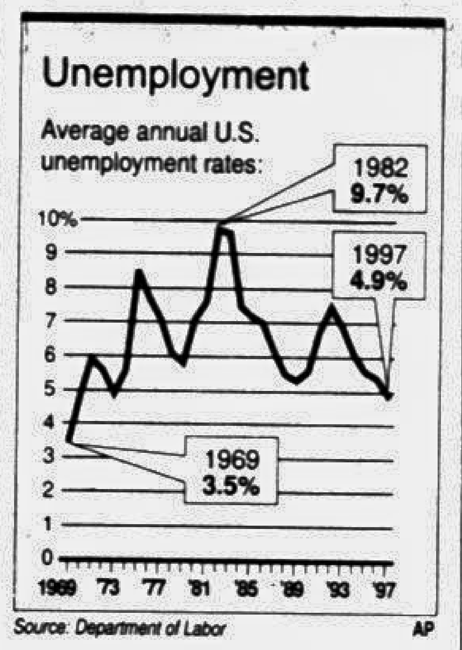
The IMF money forms the largest single part of an international rescue package totalling almost 60 billion dollars and designed to help South Korea recover from a crisis of confidence centered on a tumbling currency and big debts.

Payments are conditional on South Korean adhering to a tough package of economic reforms agreed with the IMF, including strengthening the financial sector, and opening firms and banks up to outside investment.

Seoul needs the cash to prevent banks and companies from falling into default.

South Korea has also received billions of dollars from the World Bank and the Asian Development Bank. Rich industrialised countries including Japan and the United States, have pledged to make eight billion dollars available to south Korea in early January.

But US officials said on Wednesday Washington would only hand over the money it promised after creditor banks agreed on ways to extend the maturity of up to 40 billion dollars of South Korean debt.



Inflation in EU rises

BRUSSELS, Jan 10: Inflation in the European Union on a 12-month basis, increased to 1.8 per cent in November from 1.7 per cent in October, the EU statistics office Eurostat reported yesterday, says AFP.

The lowest figure of 1.1 per cent was noted in Ireland and in Austria.

Belgium had inflation of 1.3 per cent, France and Germany 1.4 per cent. Luxembourg 1.5 per cent, Denmark and Finland 1.7 per cent, Italy 1.8 per cent, and Spain and Portugal 1.9 per cent.

Britain had inflation of 2.0 per cent, the Netherlands 2.6 per cent and Sweden 2.7 per cent.

The highest inflation rate of 5.0 per cent, was noted for Greece as was the case in October. On Friday in Athens, the Greek national statistics office reported that prices in the whole of 1997 had risen by 4.7 per cent after an increase of 7.9 per cent in 1006.

Eurostat noted that in November inflation in the United States had been 1.8 per cent and in Japan 2.1 per cent.

Integrated approach for globalisation of LDCs commodities suggested

Eminent thinker Dr. Mizanur Rahman Shelley has suggested an integrated approach for globalisation of commodities and societies of the developing countries like Bangladesh to achieve the desired objectives, reports BSS.

He said the societies are primarily composed of people and they should be educated and prepared to adapt with the globalisation process along with improvement of inner institutional and infrastructural strength.

Giving a lecture on "Globalisation and developing societies" at North South University here yesterday, Dr. Shelley said globalisation without cohesiveness of society and economy would not bear the desired fruit.

This was the first session of Chowdhury A K M Aminul Haque Memorial Lectures and was chaired by the President of North South University Muslehuddin Ahmed. Associate Prof of Public Administration Department of Dhaka University Dr Nazmul Ahsan Kalimullah and Mosud Mannan also spoke on the occasion.

Born in 1934 in the village of Naopara in Lahjong in Munshiganj district, Chowdhury Aminul Haque was a former Finance Secretary, an advisor in the caretaker government of Justice Shahabuddin Ahmed and a member of the board of governors of North South University.

Dr. Shelley observed that "the non-integrated nature of economic globalisation caused the current financial and economic disaster in several hitherto prosperous and growing Asian economies."

Referring to Bangladesh Dr. Shelley who is also Chairman, Centre for Development Research, Bangladesh, said "the economy shows no sign of faster growth" though liberalisation of trade has expanded significantly and international standards are being sought to be strictly adhered to the impact of such measures on domestic industrial growth and economic development is still uncertain, he observed.

He said institutional and procedural weaknesses and inadequacies that are haunting the society and economy of Bangladesh should be recast.


Nurul Husain Khan, Chairman, Board of Directors of Eastern Bank Limited, opened the bank's 19th branch at Chouhatta, Sylhet recently.

French govt cracks down on jobless protesters

PARIS, Jan 10: The leftist government cracked down on defiant jobless protesters Saturday and forced an end to their month-old sit-ins, expelling them from public buildings after promising them aid, says AP.

Protesters had remained in about 20 welfare agencies across the country after Socialist Prime Minister Lionel Jospin on Friday promised 1 billion francs (more than 160 million dollars) in a broadcast speech.

Leaders of the protest, which was causing rifts in the government as it struggles with a 12.4 per cent jobless rate, vowed to continue their action despite Jospin's offer.

As a result police moved in on the protesters before dawn Saturday. The evacuations were generally described as calm in cities including Paris, Marseille, Aix-en-Provence, Arles, Perpignan, Mantes, Grenoble, Poissy and Montbeliard.

Officers, however, had to unchain some protesters who attached themselves, and France Info radio reported a struggle at the Arras office in northern France. No injuries were reported.

Eight of the "Assedic" agencies were evacuated in the Marseille region, a stronghold of the Communist-led General Labour Confederation (CGT) that organized a union for the unemployed.

CGT representative Mireille Peditizzi said she was "outraged by the double talk of Lionel Jospin, who hours after giving the impression he heard the unemployed, he deployed the club."

Jospin said Friday that the role of the grass-roots protesters "must be recognized." But he also said the government would take the measures necessary to keep the local unemployment offices open.

On Thursday night and early Friday, police in several cities began evacuating protesters from offices they were occupying. The coordinated police action Saturday effectively ended the sit-ins.

But other protests could continue. Claire Villiers, of the group AC; or "Act Against Unemployment" on Friday announced a national day of protest on Tuesday.

Jospin pledged the money to create a fund for the hardest-hit jobless who have trouble paying for basic needs. He also said he would present to parliament in March a three-year plan to help France's homeless.

But the protesters continued to demand a year-end subsidy of 3,000 francs (500 dollars) and higher unemployment benefits.

That, said Jospin, "would have cost several tens of billions of francs and would unsettle the political and social economy."

Jospin faces strict budget restraints needed to meet criteria for joining the common European currency, the euro, which debuts next year.

His leftists won elections last June the war on unemployment their highest priority. Job programs have failed to slash the jobless rate, and Jospin is hoping to cut the work week to 35 hours to spread jobs around.

Oil-for-food deal Iraq to import 1.2m tons wheat

BAGHDAD, Jan 10: Iraq plans to import 1.2 million tons of wheat during the next six months as part of an oil-for-food deal with the United Nations, according to a summary of the Iraqi distribution plan, says AP.

Iraq also plans to import 319,000 tons of rice, 255,000 tons of sugar, 19,000 tons of tea, 128,000 tons of cooking oil, 8,000 tons of milk powder and 128,000 tons of pulses, a type of legume seed, according to the summary, obtained Friday by The Associated Press.

Pakistan's trade deficit drops

ISLAMABAD, Jan 10: Pakistan's trade deficit dropped by 36 per cent to 1.116 billion US dollars during the first half of the current fiscal year starting July 1, 1997 as compared with the previous corresponding period, according to commerce minister officials, reports Xinhua.

In the first half of the current financial year, Pakistan's exports were recorded at 4.339 billion dollars, an increase of 7.1 per cent over the same period of the last fiscal year, The Associated Press of Pakistan said in a report, quoting the officials.

Meanwhile, imports totalled 5.455 billion dollars, a drop of 5.9 per cent.

IMF approves $ 670m payment for Russia

WASHINGTON, Jan 10: The International Monetary Fund (IMF) yesterday approved the sixth quarterly review of the economic development and agreed to release about 670 million US dollar loan under the extended fund facility for Russia, says Xinhua.

An IMF press statement noted that Russia's economic growth has resumed, inflation has remained on a downward trend, and structural reforms have gained renewed momentum, however, there is some concern about progress in addressing the fiscal problem, in particular low revenue collection.

The IMF welcomes the Russian government's action plan to address the fiscal situation, which included measures to improve tax collection, as well as to strengthen expenditure control and define realistic spending policies. "Full implementation of this plan will be crucial," the IMF stressed.

The institution also welcomes the fact that, following initial delays in responding to capital outflows in the fall of 1997, the central bank of Russia's tightening of monetary policy in December helped to stabilize financial market conditions.

Confronting growing criticism of the harsh demands it has proposed to rescue economies in Asia.

One lakh workers in S Philippines to lose jobs if econ condition worsens

MANILA, Jan 10: About 100,000 workers in the Southern Philippines, or 10 per cent of the region's 1.1 million labour force, will lose their jobs, if the nation's economic situation continues to deteriorate, the newspaper "Today" reported Saturday, says Xinhua.

The paper quoted Luchie Flores, secretary general of the Cagayan De Oro Chamber of Commerce and Industry Foundation Inc. as saying that productivity in North Mindanao, the southern Philippines, has fallen 15 per cent since the third quarter of 1997.

"This productivity trend will continue to fall from 20 to 25 per cent by the end of the second quarter of this year if the government will not come up with a contingency measure to cushion the fall," Flores said.

She said that those who borrowed money, especially in foreign currencies, to finance their business have already seen the value of their debts tripled over the last six months, and their debts will continue to rise if the peso sinks further against the dollar.

"What exacerbated the problem is the high interest rates of client-unfriendly banks refusing new loans if their clients cannot pay of all outstanding debts," she said.

If the currency crisis continues to affect small business in North Mindanao, Flores said 100,000 workers in the region will be laid off this year.

Kenya's coffee output may increase

NAIROBI, Jan 10: Kenya's coffee production is projected to increase this year to about 74,858 tons, compared with 68,369 tons last year, the Daily Nation reported yesterday, says Xinhua.

The paper quoted Flavian Mwangi, Chairman of the Mild Coffee Traders Association, as warning that the quality of the coffee may be low because of the effect of the heavy rains since last November caused by the El Nino phenomenon.

He noted that last year's production was a 30 per cent drop from the 1995/96 output of 97,575 tons.

Coffee prices were firm in the 1996/97 year with the overall annual average price topping 117 US dollars per 50-kg bag, thus improving the farmers' return throughout the year despite a decline in coffee production.

Mwangi pointed out at an annual general meeting held recently that the government has made the coffee sector give farmers a bigger choice following the licensing of more dealers and the introduction of a multi-auction system.

Economic developments of 7 Asian giants at a glance

INDONESIA, Jan 10: In a telephone call with President Clinton, Indonesian leader Suharto pledged to carry out the sweeping economic reform required by the International Monetary Fund.

The news helped the Indonesian rupiah improve to 7,990 against the dollar on Friday, after it plunged to a record-low of 10,550 a day earlier.

The United States and IMF said they would send in economic experts to help save Indonesia's 40 billion dollar rescue plan.

SOUTH KOREA

The chairman of the US Senate Finance Committee urged South Korea on Friday to implement strict prescriptions imposed by the International Monetary Fund to rescue its faltering economy.

William V Roth said economic reforms are essential to reviving "the dynamic growth that the world has come to associate with Korea."

Earlier Friday, Roth met with President-elect Kim Dae-jung to discuss South Korea's financial turmoil.

Meanwhile, Moody's Investor's Service said it was considering downgrading the rating on the country's debt.

THAILAND

Thailand's currency fell again to a record low Friday. Trading closed at 54.15 baht to the dollar, down from 53.50 on Thursday. Since July 2, when the country abandoned its fixed exchange rate system, the baht has lost more than half of its value.

Dealers attributed the slum to dollar buying by Thai companies rushing to repay foreign-currency debt after the latest in a series of credit rating downgrades.

Standard and Poors credit agency announced Friday it was cutting Thailand's long-term foreign-currency rating to triple-B-minus from triple-B. It said the cut reflected fears that Thailand's "deepening financial crisis is stifling growth prospects."

MALAYSIA

Malaysia's prime minister rejected any rescue programme by the International Monetary Fund, saying the conditions it would impose would amount to "economic colonialism."

"We would not be able to control our economy and would throw it open to foreign domination whereby they would come in and buy our banks and companies at cheap prices," Mahathir Mohamad said in a televised address.

Mahathir has urged people to use locally made margarine and less sugar — to cut costly imports — while growing their own greens.

TAIWAN

Taiwan's stock market fell to a six-week low Friday, losing 5 per cent of its value for the week, and its currency remained unsteady.

The New Taiwan Dollar was trading at 34.10 to the US dollar, up slightly from a low of 34.40 on Wednesday but still nearly 20 per cent below July's level. Taiwan's currency hasn't been this weak in nearly 11 years.

Still, the economy grew 6.7 per cent last year, ahead of the growth achieved by rivals South Korea, Hong Kong and Singapore, according to a preliminary government estimate.

SINGAPORE

Singapore's stock market plunged 7 per cent Friday, marking its biggest daily loss since the regional economic crisis began last July.

The plunge reflected the currency collapse and increasing economic uncertainty in neighboring Indonesia, analysts said.

Market observers said further losses are expected for the city-state, as the regional currency turmoil shows no signs of stabilising.

The Singapore dollar fell by 20 per cent since the beginning of the crisis last July, with sharpest decline occurring in recent weeks.

HONG KONG

Share prices in Hong Kong tumbled Friday, pushed down by turmoil in Asian currencies and markets and heavy overnight losses on Wall Street.

The Hang Seng index, the market's key indicator of blue chips, fell 359.89 points, or 3.9 per cent, to 8,894.64. On Thursday, the index had slumped 284.08 points.

— Source: AP