

Syria to slash tariffs on Arab products

DAMASCUS, Aug 10: Syria will reduce customs tariffs by 10 per cent on products imported directly from Arab nations beginning September 1, the Syrian news agency Sana reported yesterday, according to AFP.

The measure, which does not include agricultural products or imports from free-trade zones, is part of an Arab League plan to eliminate all customs tariffs in the Arab world by 2008.

On Sunday, the agency also reported an agreement between Syria and Lebanon to cut customs tariffs on industrial products by 25 per cent beginning next year.

The agreement, signed in February by Syrian Prime Minister Mahmud al-Zohbi and his Lebanese counterpart Rafik Hariri, was ratified by decree of Syrian President Hafez al-Assad, the agency said.

Hariri said the accord was "historic" and would help develop relations between the two nations, which since 1991 have been linked by a "treaty of brotherhood, cooperation and coordination."

Syria's exports to Lebanon, primarily oil, totalled 308 million dollars in 1996, while exports in the other direction were slightly less than 70 million dollars.

ADB representative assumes office

Asian Development Bank's Representative to Bangladesh Phlipit Suptaphiphatt assumed his responsibilities of the Bangladesh Resident Mission (BRM) on August 5, says a press release issued in city yesterday.

Suptaphiphatt joined the ADB in 1980 and served in various capacities in the Agriculture Department and the Post Evaluation Office of the bank.

Prior to his appointment as the Resident Representative of BRM, Suptaphiphatt was Manager of the Evaluation Division (East) of the Post Evaluation Office.

Suptaphiphatt who earned a Bachelor's degree in Economics with Honors from Chulalongkorn University, Bangkok, in 1965. After working briefly with the Department of Customs, Ministry of Finance and the Applied Scientific Research Corporation of Thailand, he received an East-West Centre scholarship for graduate studies at the University of Hawaii in 1968.

He completed his MSc (Agricultural Economics) from the University of Hawaii in 1968, and subsequently obtained a PhD (Agricultural Economics) from the University of Missouri in 1973.

Before joining the ADB, Suptaphiphatt was an Assistant Professor/Associate Dean of the School of Development Economics at the National Institute of Development Administration in Bangkok.

Afghani makes heavy gains against dollar

KABUL, Aug 10: Afghanistan's currency, the afghani, has made huge gains against the US dollar following the Taliban capture of the northern opposition city stronghold of Mazar-e-Sharif, dealers said yesterday, reports AFP.

Trading is busy with a big demand for afghani and in less than two days it has shot from over 40,000 against the dollar to 33,500, said dealer Haji Gul Ahmed.

Although currency notes are printed by both the Taliban and the ousted Kabul government — part of the beleaguered anti-Taliban alliance — financial analysts here see Taliban gains as a step towards a more stable banking system.

While the rival ex-Kabul government and Taliban printed the Standard afghani notes in use in the Taliban-held three-quarters of the country, northern warlord Abdul Rashid Dostam also printed notes for his fiefdom now captured by the hardline Muslim militia.

Heavy rains create chaos in Indian commercial city

BOMBAY, Aug 10: Heavy rains brought chaos today to the streets of India's commercial and financial hub of Bombay, disrupting rail and road traffic and leaving thousands of commuters stranded, reports AFP.

"We are attempting to restore normalcy as soon as possible," a railways spokesman said, adding that tracks were flooded in several parts of the city, where five million people commute by train everyday.

State officials said many low-lying areas had been flooded by the rains, with slum dwellers the main victims as waters rose in the city's shanty towns.

"These people have been shifted to safer places and are presently being accommodated in bus stations and government-run schools," one official said.

The Bombay meteorological office said the heavy rains would continue until Tuesday. Several hundred people have died since the onset of monsoon in India in June, with the eastern states of Bihar and West Bengal among the worst affected.

Millions of people have also been rendered homeless.

Employment Bank comes into being next month

The much-talked-about Employment Bank will go into operation next month, reports UNB.

Prime Minister Sheikh Hasina is expected to inaugurate the bank, first of its kind in the country, on September 1.

However, the date of launching depends on the prime minister's schedule.

Talking to the agency yesterday morning, Managing Director of the bank AJ Masudul Haq Ahmed said, all preparations to start up the bank, including setting up the loan guidelines, will be completed within next 15 days.

"Formulation of guidelines is at the final stage," he said, adding that 31 branches will primarily be set up phase-wise.

"First, branches will be opened in the greater districts, then at the new ones and ultimately all the thanas will be covered," said the managing director.

Masudul Haq said the bank would give priority to loan sanctioning for the unemployed educated youths in the rural areas.

"Boosting rural economy is one of our targets," said the former managing director of the Krishi Bank and the House Building Finance Corporation.

"We want to create a movement in the rural economy through setting up small and cottage industries," he added.

"We will encourage those projects which will create employment opportunities for at least five to six persons."

Initially, the bank will sanction a maximum amount of Tk 5 lakh to an individual. But the amount will be much more if the youths come in a group.

"The highest allocation for a group will probably be fixed at Tk 20 lakhs," said the managing director.

Regarding the eligibility of

an individual youth to get loan, the veteran banker said every educated youth was eligible to get loan without collateral.

"They will have to deposit all their original certificates with the banks and manage a guarantor."

"In case of default, the guarantor will be liable to pay the loan back," he added.

However, if any unemployed can deposit a security of his/her own or any of his/her guardian's equivalent to the loan amount, he/she will be provided with the loan.

Explaining about the security, Haq said it could be an insurance policy or any bond.

The primary paid up capital of the Employment Bank is Tk 100 crore. However, the capital will be increased by the government from time to time through government orders.

Masudul Haq said the expansion of the activities of the

bank depends mainly on its success.

"If the youths who will get the loan in the first phase return the money within the stipulated period, the expansion will not matter to the management."

Our target is to reach all the unemployed youths but it depends on how the loanees in the first phase act," he said.

Hoping to make the bank a profitable concern, the Managing Director said: "I hope the bank will fulfill the gap of mobilising resources for the unemployed but innovative youths."

Regarding resource mobilisation to the unemployed youths who have proper education, the Managing Director said their first priority is to grant loan to the educated one.

But, the bank will also provide small loans to the youths who do not have formal education, he added.

'Bad days for Indian rupee ahead'

BOMBAY, Aug 10: Political uncertainty at home and concerns over weak regional currencies will keep the Indian rupee under pressure this week, dealers and analysts said, reports Reuters.

The rupee could reach 43 per dollar over the next three to five weeks, a foreign exchange consultant said.

"Several Indian importers who see a weaker rupee in opening trade next week are going to start their dollar purchases," the consultant said. "I see the rupee crossing the 43 per dollar level in the next three to five weeks."

The rupee ended on Friday at a two-week low of 42.60/62 per dollar, 12 paise (0.12 rupee) weaker than its previous close.

Forward dollar premiums on the six-month dollar ended higher at 7.34 per cent annualised against the previous close of 6.96.

"Forward dollar premiums have bounced back from the bottom and the trend has definitely changed," said a dealer with Mactia Consultancy financial services a risk management advisory firm.

Weak regional currencies would also put the rupee under pressure, dealers said.

"Weakening of several regional currencies, which were

until now perceived to be stable, will definitely keep the pressure on the rupee," said Santosh Kumar, chief dealer at Fuji Bank in Bombay.

Concerns over Hong Kong's ability to maintain its fixed exchange rate, fears of a devaluation in the Chinese yuan and a weak Japanese yen affected most regional currency and stock markets on Friday.

But one dealer said the Indian rupee would not be affected much by regional developments and inflows from an ongoing overseas bond issue would keep it buoyant.

Coin auction in Shanghai

SHANGHAI, Aug 10: Shanghai will hold a coin auction on August 23, with 300 Chinese coins from different historical periods, reports Xinhua.

The auction is the fourth of its kind and is expected to do two million yuan in business.

The oldest coin dates back to the eastern Zhou dynasty (770BC-256BC). There are many rare ancient coins, including a set of British-minted silver coins from the Qing dynasty (1644-1911).



UN Secretary General Kofi Annan shakes hands with people outside the UN pavilion during his visit to Lisbon's Expo 98 World Exhibition Sunday. Annan came of Expo 98 to celebrate its National Day dedicated to the United Nations. — AP/UNB photo

Yen fall pulls Asian markets down

HONG KONG, Aug 10: Most Asian stock markets closed sharply lower Monday on fears of the sinking Japanese yen dragging down local currencies, reports AP.

Traders said a weaker Japanese currency or a delinking of Hong Kong's currency from the US dollar could trigger a new wave of devaluations throughout Asia.

In late trading, the dollar was quoted at 146.65 yen, up 1.11 yen from late Friday in Tokyo and also higher than its New York rate of 146.13 yen late Friday.

Thailand's key stock index tumbled 3.7 per cent as investors continued to sell banking stocks. The Stock Exchange of Thailand index slumped 9.24 points to 238.30.

Malaysian shares also slumped, with the key index slumping 2.9 per cent despite another cut in local interest rates.

Traders said investors were worried about whether Hong Kong would be able to maintain its dollar peg, and whether China might be tempted to de-

value its yuan because of the weakening yen.

The Kuala Lumpur Stock Exchange's benchmark Composite Index fell 10.77 points to 353.28.

In Taiwan, share prices were also sharply lower on worries over the continuing depreciation of the currency, analysts said.

The Weighted Price Index of the Taiwan Stock Exchange closed down 157.90 points, or 2.1 per cent, at 7,372.12.

The Taiwan dollar was quoted at 34.730 to the US dollar, compared with Friday's finish of 34.600.

Tokyo stock prices fell for the sixth consecutive trading day, hurt by continued weakness in banking issues and another Japanese corporate failure.

Traders said bank issues lost 3.3 per cent on worries that legislation to stabilize Japan's ailing financial system may be delayed because of resistance from opposition political parties in Parliament to the governing party's proposals.

Market sentiment also worsened on news that Mita Industrial Co., a Japanese maker of copy machines, filed for court protection from its creditors.

Bucking the trend was the Hong Kong Stock Exchange, where prices closed generally higher after three consecutive sessions of sharp declines.

The Hang Seng Index, the Hong Kong market's key indicator of blue chips, rose 16.21 points, or 0.2 per cent, closing at 7,034.62. On Friday, the index had slumped 235.95 points.

Brokers attributed the rise to a technical rebound following the easing of speculative attacks on the Hong Kong dollar.

Financial markets in Singapore were closed for a national holiday. Elsewhere:

WELLINGTON: New Zealand share prices closed lower, with brokers saying investor caution and a rise in local short-term interest rates weighed on the market. The NZSE-40 Capital Index fell 30.20 points, or 1.4 per cent, to 2,000.98.

MANILA: Philippine shares closed lower, dragged down by the uncertain situation in the regional currency market. The Philippine Stock Exchange index of 30 selected stocks fell 21.06 points, or 1.5 per cent, to 1,427.66.

SYDNEY: Australian share prices closed lower. The All Ordinaries Index of slipped 1.6 points, or 0.06 per cent, to 2,597.4.

SEOUL: Share prices closed lower on continued worries over the weakening yen and a possible devaluation of the Chinese yuan. The Korea Composite Stock Price Index fell 2.36 points, or 0.75 per cent, to 311.95.

JAKARTA: Share prices closed lower for the ninth consecutive session. The Composite Index fell 2.446 points, or 0.5 per cent, to 421.167.

Shipping Intelligence

Table with columns: Berth No, Name of vessels, Cargo, L port call, Local agent, Date of arrival, Leaving. Title: Chittagong port Berth position and performance of vessels as on 10.8.98.

Table with columns: Name of vessels, Date of arrival, L port call, Local agent, Cargo, Loading port. Title: Vessel due at outer anchorage.

Table with columns: Name of vessels, Carog, Last Port, Local agent, Date of arrival. Title: Vessels at Kutubdia.

Table with columns: Name of vessels, Local agent, Date of arrival. Title: Vessels at outer anchorage.

Table with columns: Vessel name, Cargo, Local agent, Date of arrival. Title: Vessels awaiting instruction.

Table with columns: Outgoing, Incoming, Shifting. Title: Movement of vessels for 11/8/98.

The above are the shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

Pakistan holds 2nd round of talks for IDB loan

DUBAI, Aug 10: The Pakistani Prime Minister's new finance adviser Hafiz Pasha yesterday held a second round of talks with the Saudi-based Islamic Development Bank (IDB) for a loan to help plug a hole in Islamabad's finances, reports Reuters.

"They are holding the second round of talks today and final talks will be held in the first or second week of September," said a Pakistani diplomat in Saudi Arabia, adding the negotiations began on Saturday.

"They are discussing the financing problem of Pakistan. The Islamic Development Bank has assured Pakistan of bailing it out," the diplomat said by telephone from Jeddah.

Pakistani newspapers on Friday reported that Pasha had left for Jeddah to negotiate an IDB loan of up to 1.5 billion dollars. The diplomat declined to say how big the loan was likely to be.

Pakistan is facing crippling international economic sanctions over nuclear tests it held in May. It says it might consider a moratorium on its 32 billion dollar foreign debt if the sanctions continue.

The visit by Pasha, who was appointed finance adviser to Prime Minister Nawaz Sharif earlier this month, follows talks in Jeddah last month held by then finance minister Sartaj Aziz and King Fahd, crown prince Abdullah and the IDB.

At the time, Pakistan said Saudi officials confirmed "the king's full support to Pakistan at this hour of need."

The 52-member IDB was set up in 1975 to promote trade exchanges and finance infrastructure projects in member states.

Golden Eagle Air appointed sales agent of America West Airlines

America West Airlines has announced the appointment of Golden Eagle Air Ltd as its International Representative General Sales Agents in Bangladesh effective from August 1, 1998, says a press release.

America West is a national, low-fare, full-service airline. Its coast-to-coast route system includes most major destinations across the United States with additional destinations in Mexico and Canada.

America West serves 58 destinations directly and offers service to additional 35 destinations through alliance agreements with Continental and Mesa Airlines.

America West operates from hubs in Phoenix, Arizona.

Bell Atlantic, 2 unions resume talks to settle dispute

NEW YORK, Aug 10: Negotiators for Bell Atlantic and two unions met to try to end a dispute over hiring practices and job security that has 75,000 phone workers on strike in the eastern United States, reports AP.

Picket lines went up at 12:01 am Sunday in New York and other cities when talks failed on a new three-year contract between Bell Atlantic Corp. and the Communications Workers of America.

The company is also holding talks with the International Brotherhood of Electrical Workers Union. Most of the IBEW members agreed to continue working under the current contract, but vowed not to cross CWA picket lines if they encountered them.

Bell Atlantic spokeswoman Susan Kraus would not characterize the tone of the talks Sunday, but she said the company was "hopeful that we can get this resolved."

Since much of the company's phone service is automated, there were no reports of major difficulties in calls being connected. Some delays were occurring in directory assistance and field installation and maintenance work, where managers were filling in for striking employees, Bell Atlantic spokesman Dave Frail said.

"Some customers aren't able to go through, but they're picking up the pace as more come on duty during the day," he said. Frail said 23,000 managerial workers were putting in 12-hour shifts to replace the striking workers.

Bell Atlantic, the No. 2 phone company in the United States after AT and T Corp, provides phone, wireless and internet services to 27 million customers in 12 northeastern states, from Maine to Virginia, and Washington, DC. The walkouts represent about half of the company's 141,000 workers.

Negotiators were meeting in New York, in an effort to reconcile differences between the contracts covering the workers of the former Bell Atlantic and Nynex, which merged last year and kept the Bell Atlantic name.

The dispute centers over work being shifted to temporary, non-union employees hired by new Bell Atlantic subsidiaries, a move that union officials said could jeopardize job security.

Morton Bahr, president of the Communications Workers of America, said the union's "major unresolved issues include keeping good permanent jobs from being outsourced and converted into temporary jobs."

Neighbours shiver as African currency chill spreads

When the rand sneezes, Namibia catches a cold, say economists in Windhoek.

The recent plunge in the rand's international value is causing economic havoc not only in South Africa but also in its smaller Atlantic neighbour. The price of imports, such as oil, have shot up — stoking inflationary fires — while a jump in the already high interest rates has rocked business and the property market.

Yet there is no indication from Windhoek of an end to its currency link which sets the Namibian dollar at par with the rand.

Although some economists believe that Namibia could benefit from financial autonomy, the government remains cautious because of the heavy economic dependency on "big brother" to the south. More than 85 per cent of imports, and a majority of foreign investments, come from South Africa.

The rands has lost almost a quarter of its value against the US dollar since international speculators began targeting it in May. The currency had appeared vulnerable because South Africa had only relatively low levels of foreign-exchange reserves available with which to support it.

Since then, fuel prices have risen in Namibia — diesel oil by two per cent and petrol by up to

five per cent. This will hit the price of transport and everything that has to be hauled. Taxi fares have already shot up.

Meanwhile, interest rates at commercial banks have also increased by two to three points. Prime rates are now around 24 per cent and home loan rates about 22 per cent.

The rise was made necessary after South Africa pushed up its own rates to defend the rand. Namibia had to follow suit to protect its money supply and halt a surge of funds — up to N\$ 300 million in recent weeks — south across the border.

The high rates are forecast to have dire consequences for the property market.

"The market already struggled when the home-loan rate stood at 20 per cent, but now it's much worse," said Bennie Joseph, managing director of the estate agency Joseph and Snyman.

On the positive side, this is bound to lead to house prices coming down. They're too expensive in Windhoek. But on the negative side, it will lead to the repossession of a lot of houses, like in South Africa, where this practice is now sky-high."

Adri Rabie of Adri Rabie Properties foresaw the higher interest repayments causing much hardship for lower-income home owners, and that

more people would rent in future.

Annelie Aerle, vice-president of the Institute of Namibian Estate Agents, said smaller agents would suffer in the next few months and that some might have to close. But she predicted that lower prices would create a "buyers' market," which could benefit some home-seekers.

One Namibian economist, Emile van Zyl, said the higher interest rates had come at a bad time, with the economy already at a low ebb. "Agricultural conditions are weak and the rising commodity prices have had a negative effect on disposable income," he said.

Van Zyl was of the opinion, however, that the rand could not lose much more value. "South Africa's economic fundamentals are sound," he said, adding that the depreciation would aid Namibia's export earnings. The fishing industry's future was particularly bright, in the wake of recent higher-quota announcements by government, while tourism should also benefit from foreigners exploiting the weaker currency.

Teodoro Guariati, executive director of Premier Economists, said the cheaper rand should have a positive effect on Namibia's balance of payments. He explained: "Except for beef and livestock,

which are marketed on the hoof in South Africa, most exports are sold on hard-currency markets in Europe."

While some economists believe that to decouple the Namibian dollar from the rand could help the export market and protect the country from future chill winds from the south, the Bank of Namibia believes "the time is not yet ripe."

A bank official said that, because of the economic dependency, a currency de-linking would cause headaches for businesses, banks and investors.

Namibia's financial system was highly integrated with South Africa's, and separate infrastructure would have to evolve before an end to the peg could be considered.

The country should start purchasing more local products and increasing its exports to loosen itself gradually from South Africa's hold.

President Sain Nujoma has also joined the debate by stating that the link has helped to attract investment while maintaining a stable exchange rate with Namibia's major trading partner. His remarks appear to rule out an early end to the currency peg.

Exchange rate: \$1 = 6.2 rand = 6.2 Namibian dollars

The author is Asst News Editor of The Namibian newspaper.

On the slide

Rand targeted by currency speculators in May, amid falling confidence in 'emerging markets'

A graphic section featuring a map of Southern Africa (Namibia, Botswana, South Africa, Lesotho, Swaziland) and a portrait of a man (Christof Maletsky). It lists key economic events for Namibia and the region.