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Mr Yen criticises IMF crises handling

TOKYO, Jan 24: Japan's influential Vice Finance Minister Eisuke Sakakibara has pitted himself against the International Monetary Fund and what he calls its "market fundamentalism" and "American dominance," reports AFP.

Sakakibara, known as "Mr Yen" for his influence on currency markets, is putting forward the "intellectual background" to the policies followed by Finance Minister Kiichi Miyazawa.

Citing US Financier George Soros, Sakakibara has criticised the role of the IMF during the crises in Asia, Russia and now Brazil.

He described the philosophy of the Fund, which he called the "Washington Consensus," as "free markets and sound money."

It amounts to the "blind application of the universal model on emerging economies," he said at the Foreign Correspondents' Club in Tokyo on Friday.

The handling of the Asian crisis by the world's leading nations was at least at first, seriously at fault, he said.

"Since I was personally involved in the process and agreed, although reluctantly, in the end to what was recommended I am in no position to criticise others for what has happened," he said.

But unlike the (IMF's) Managing Director Michel Camdessus I can only say that if I am confronted with similar situations in the future I will probably handle them differently."

A senior official at the Fund has told AFP there was no sign of reticence from Japan at key IMF meetings during the crisis, even though Japan has the second largest stake in the organisation.

BCS meetings for IT cos today

The Software Cell of Bangladesh Computer Samity (BCS) is going to organise two meetings for the local IT companies and professionals today at the Conference Centre of IDB Bhaban, in city, says a press release issued yesterday.

In these meetings, Minhajul Islam Mukul will exchange his views with interested local entrepreneurs as well as with individual software developers.

Islam is a US-based Bangladeshi IT businessman who runs his own company, MTS Inc., in New York.

The first session will be for local entrepreneurs only. It will be held at 11:00 AM. Jamilur Reza Chowdhury will preside over the meeting.

The other session will take place at 3:00 PM. This session will be for individual programmers.

T-bill auction results

The 21st auction of the 28-day, 91-day, 182-day, 364-day, 2-year and 5-year Treasury Bills were held Sunday, says a Bangladesh Bank (BB) press release.

Tk 351.80 crore, Tk 21.50 crore, Tk 44 crore, Tk 112 crore and Tk 93 crore were offered respectively for the 28-day, 91-day, 182-day, 364-day and 2-year bills.

Of these, Tk 317.70 crore of 28-day bill, Tk 30 crore of 182-day bill and Tk 30 crore of 364-day bill were accepted.

No bid was offered for the 5-year bill and the bids for the 91-day and 2-year bills were not accepted.

The weighted average prices against the 28-day, 182-day and 364-day bills were Tk 99.42, Tk 95.60 and Tk 91.24 per 100 taka respectively. The corresponding yields are 7.55 per cent, 9.20 per cent and 9.60 per cent per annum.

Advance Eid closure of DSE

SEC delves into alleged motives

By M Shamsur Rahman

The capital market watchdog is investigating the alleged motives of the DSE management behind keeping businesses closed for two extra days ahead of the Eid holidays.

Sources said that following a Daily Star news published yesterday, two officials of the Monitoring and Supervision wing of the Securities and Exchange Commission (SEC) visited DSE to probe the two-day unscheduled holidays.

It was learnt that the officials held talks with DSE officials and collected documents to identify the defaulting members.

The team is expected to submit a report this week.

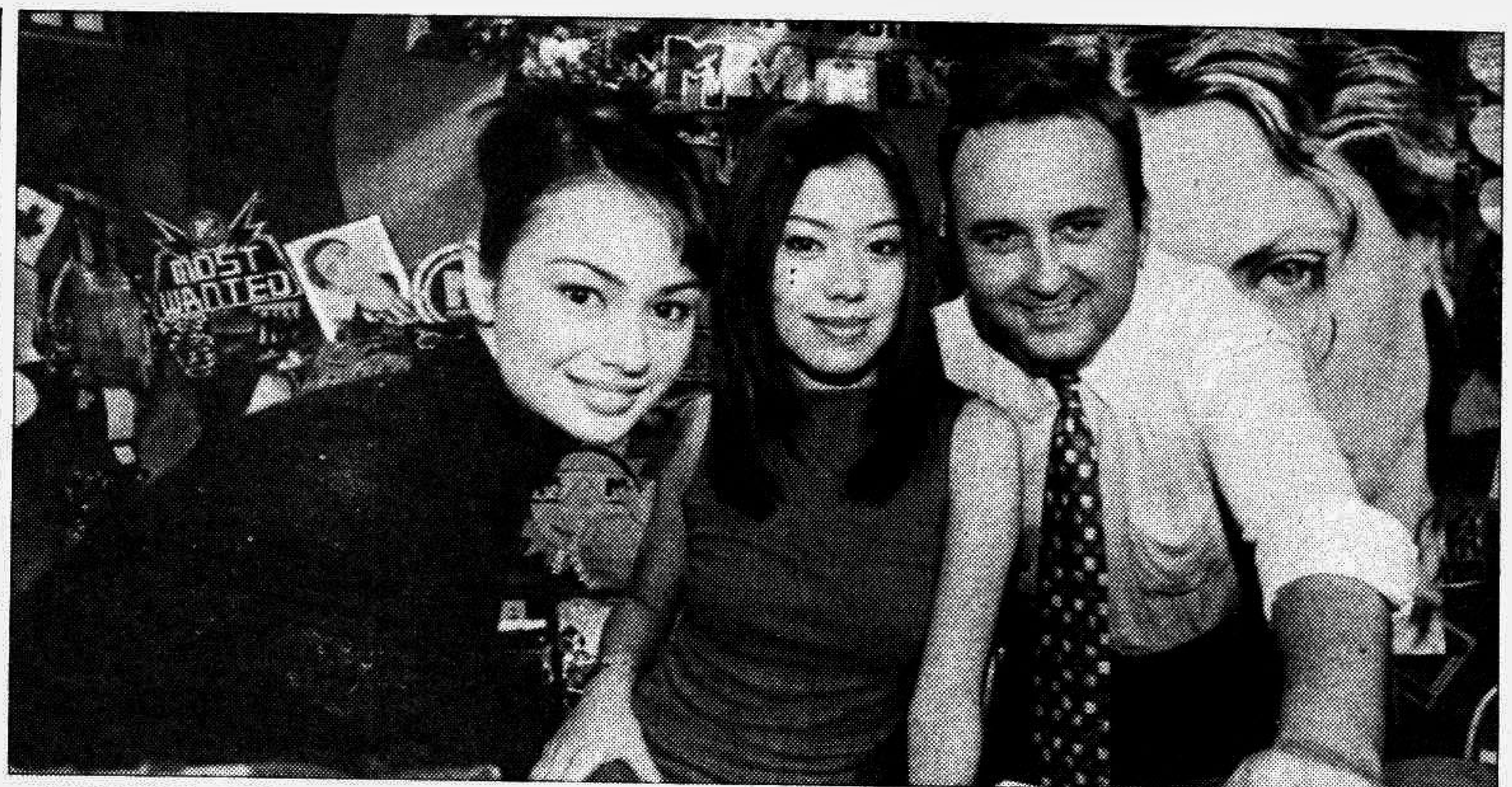
When asked, DSE officials denied the allegations of keeping businesses closed with a view to bailing out certain brokers.

"It isn't true at all. Because the suspension or closure of business and settlement also means the deferment of both share depositing and payments. So, the question of bailing anyone out doesn't arise at all."

But when pointed out that the officials of the clearing house attended their offices, the official said that there were "deadlocks" which needed to be taken care of. "All we did was just to make some progress on our pending works. It's nothing unusual."

He also said that the proposal for keeping businesses closed came from the CEO of the Chittagong Stock Exchange (CSE).

"The CSE CEO talked to our chairman over telephone who then asked DSE CEO to discuss the issue with his counterpart in Chittagong and take a decision. And the DSE office-bearers gave their consents to the decision of the CEO," the official said.



SINGAPORE: MTV veejays Donita Rose Cavett (L) from the Philippines and Belinda Lee (C) from Singapore pose with the company's president Frank Brown at the music television channel's studio in Singapore recently. Brown said MTV Networks Asia has grown beyond expectations despite the region's financial crisis, reaching more than 100 million households by the end of 1998. — AFP photo

Poverty alleviation drive falters in N region

SIRAJGANJ, Jan 24: Government's poverty alleviation projects for employment generation in the northern region of the country, including the district, have failed to achieve the desired goal of helping the poor, says UNB.

Sources said wheat was sanctioned for implementation of many projects to create employment for the poor and the day-labourers.

But the intended beneficiaries have been deprived in most cases because of large-scale corruption, allegedly resorted to by Union Parishad chairmen and members. Thousands of poor people are now passing their days in agony for lack of food.

Government has allocated nearly 16,000 metric tons of wheat for completing the works of some 8,500 TR schemes in various places of 16 northern districts as part of the post-flood rehabilitation programme.

The sources said allocations were given for the repair of roads, educational institutions, mosque and temples.

But it was alleged that after lifting wheat during the period from November to December, the UP chairmen and members sold nearly the entire quantity in the black market. However, they are carrying out some works of the projects to show their existence in name only.

Government also sanctioned about 40,000 mt of wheat for implementing another 1,700 "Kabikha" (food for work) projects at many places in the region. These were also misappropriated by the UP chairmen and members, the sources alleged.

In Sirajganj district, some 3,723 mt of wheat were sanctioned for implementation of 768 projects as part of the post-flood rehabilitation programme.

PDB awaits ministry signal to terminate Smithco contract

Power Development Board (PDB), the country's power sector watchdog, is now awaiting the Energy Ministry's signal to terminate the contract with a US-based power company for its failure to abide by the terms and conditions, reports UNB.

"We've already sent our recommendation to the Ministry to cancel the agreement with Smithco and are yet to receive any instruction," a PDB official told UNB yesterday.

He said that the termination of the contract had become inevitable as the Smith Cogeneration failed to pay the fine and sign a supplementary agreement by January 17.

Earlier, the Energy Ministry had asked the PDB to terminate the company if it did not comply with the basic components of the contract.

Smith Cogeneration entered into a 15-year contract with the PDB in October 1997 for the construction of a 100 MW barge-mounted power plant at Haripur near Dhaka within 10 months of the signing.

Under the contract, the company is liable to pay 10,000 US dollar per day as fine for its failure to start work on time. Till January 17, the payable fine and liquidity damage totalled 12 million US dollar.

To cope with the growing power demand, the government in 1996 liberalised the power policy opening the doors for private sector power generation.

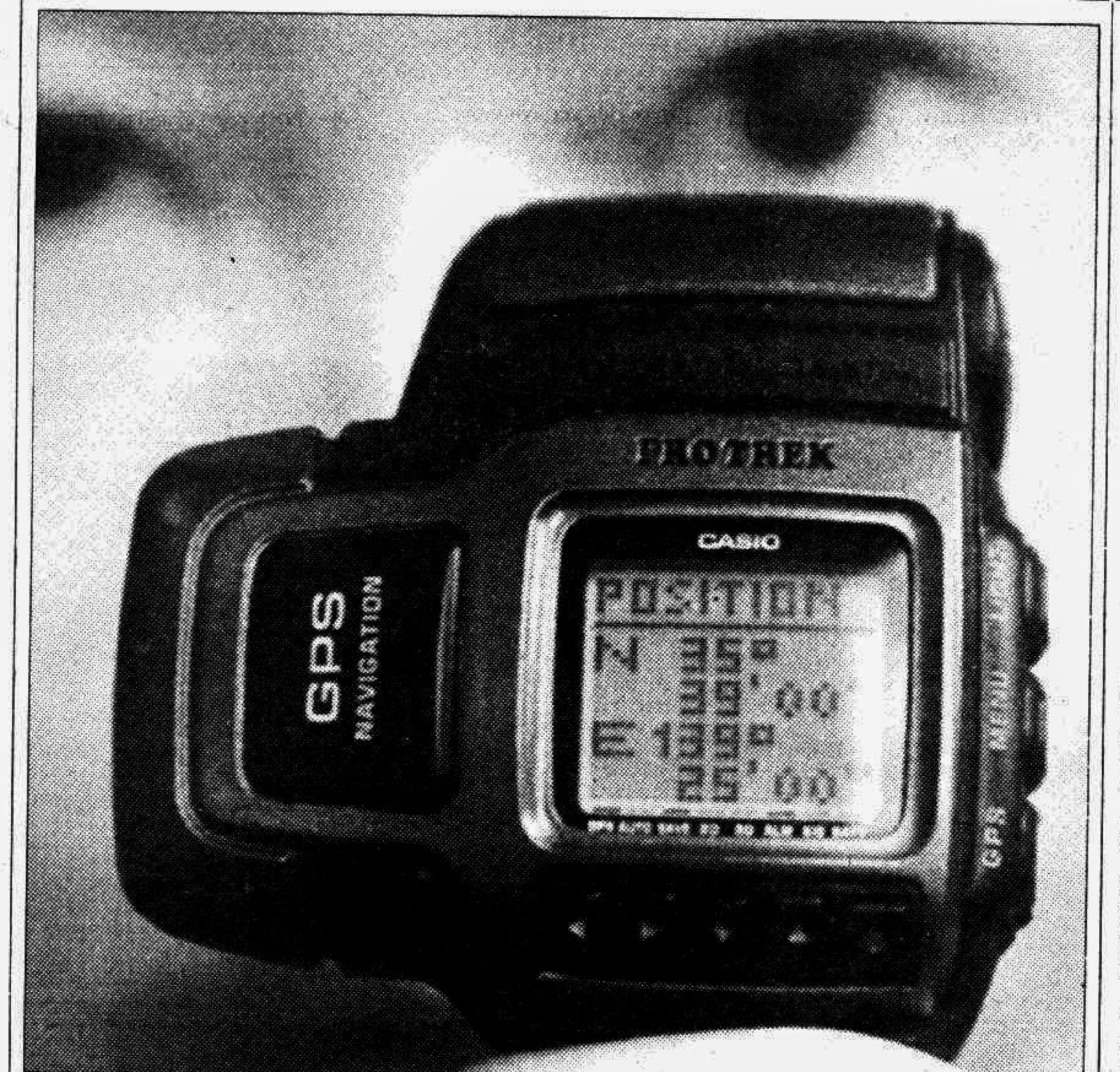
The Smithco was the first private sector energy company to get a power generation contract signed with the PDB.

As it failed to start the work within the stipulated timeframe, PDB offered a three-month extension in two phases to facilitate the company to begin its work.

The deadline expired on January 17 and the meeting between the PDB and Smithco that day failed as the US company did not agree to pay the fine and compensation as per the contract.

Meanwhile, work on another 100 MW barge-mounted power plant, initiated by New England Power Company (NEPC), is in progress and is likely to go into commercial production by the middle of this year.

The agreement with NEPC was signed much later than the Smithco.



A prototype wristwatch with built-in global positioning system (GPS) was shown recently at Casio Computer Co headquarters in Tokyo. The world's smallest GPS device displays the user's latitude and longitude by degrees, minutes and seconds, based on information received from satellites, pinpointing the exact location anywhere in the world. Casio unveils the product worldwide as early as June, targetting uses in outdoor sports at the price between 50,000 yen and 70,000 yen ($450 and $630). —UNB/AP photo

Tokyo plans addl rice tariffs

TOKYO, Jan 24: In a move threatening to aggravate trade tensions with the United States, Japan plans to impose an additional tariff on top of standard duties on foreign rice to prevent a surge of imports, a Japanese newspaper reported Saturday, says AP.

Japan's Cabinet endorsed a plan last month to impose heavy duties on foreign rice to protect the country's politically influential farmers.

Tokyo also plans a "special safeguard," which would boost those tariffs on imported rice by one-third if the government determines domestic prices have been severely depressed, the Nihon Keizai business daily said.

As of April 1, Japan will impose a tariff of 351.17 yen ($ 3.07) on each kilogram (2.2 pounds) of imported rice. The import duty will be reduced to 341 yen ($ 2.98) per kilogram next year.

The US and other trading partners have complained that amount is excessive.

But the safeguard, if triggered this year, would allow Japan to levy an additional tariff of 117.06 yen ($ 1.02) per kilogram of foreign rice, the newspaper said.

The United States, South Korea and Thailand are big suppliers of rice to Japan. Last year, American farmers sold an estimated $125 million worth of rice to Japan, according to the USA Rice Federation.

Under the global General Agreement on Tariffs and Trade, Japan agreed in 1993 to import 4 per cent of its rice, increasing gradually to 8 per cent by 2000.

A week of roller coaster ride in Indian capital markets

By Hemant Babu

MUMBAI, Jan 24: The Indian capital markets took operators on a rather gentle roller coaster ride during this week as share prices continued to rise and fall on reaction and profit booking — a day of upward movement followed by a day of downward trend.

After the initial gains at the beginning of the week, the markets came down following below-expectation corporate results for the third quarter of the current fiscal year. However, after the Eid festival the bulls began to charge once again with the shares of infotech companies reaching a new high.

With sustained buying by foreign financial institutions (FFIs) and also the domestic funds, about 26 infotec companies' shares touched a 52 weeks high price. The share prices of consumer goods companies also began to look up.

Most analysts believe that a quick improvement in the global investment scenario helped the Indian market to behave in a positive manner. The world markets have left the Brazilian crisis behind much faster than expected. This would mean a sustained inflow of funds into the emerging markets like India, analysts believe.

On the same calculations, the domestic institutional investors have virtually stopped selling any share, expecting that the upward rally would only gain strength in the days to come.

Reflecting the positive mood, the Sensitive Index of the Bombay Stock Exchange (Sensex) gained 111 points on Thursday recording a gain of 3.4 per cent. At the end of the session the Sensex was placed at 3,329.93.

The sentiments further improved following an assurance by Finance Minister Yashwant Sinha that domestic industry would be protected from overseas competition. The minister had hinted at introducing higher duty structure on imports in the federal budget for 1999-2000.

Besides, the federal government's move to corporatise five leading airports is perceived as a step in the direction of broad based financial reforms. In addition, the government also announced that it would set up a large technology upgradation fund for modernising the sick textile and jute industry in the country. The move may inject life into the vital sector of the economy, analysts believe.

However, what has surprised the market operators is the sudden spurt in the share prices of fast moving consumer goods (FMCG) companies. Traders say the FFIs like Capital International and Morgan Stanely were net buyers in the shares of these companies in view of the sustained growth in their earnings. Some of FMCG companies like Nestle, Britannia and Cadbury shares were in high demand throughout the week.

The markets continued to be extra bullish on the shares of software companies. Their expectations were fuelled by the news of 74 per cent growth in the earnings of the world's largest software company, Microsoft, in its second financial quarter. This is a clear indication that there is a boom time ahead for the software companies, says Apoorva Tolat, an equity researcher associated with a broker firm.

Traders expect the market to move in the same fashion till the federal budget, scheduled to be presented in the last week of February.

— India Abroad News Service

Japan agrees to speed up loans to Malaysia

KUALA LUMPUR, Jan 24: Japan has agreed to speed up disbursement of up to $5 billion worth of loans to Malaysia and offer them at a "very attractive interest rate," a newspaper said Saturday, reports AP.

The agreement was reached at a meeting in the Malaysian capital between the director of the Japanese Finance Ministry's International Market Office, Kishimoto Shuhei, and First Finance Minister Daim Zainuddin.

A spokesman of the National Economic Action Council said Shuhei wanted details of projects that would require the new loans, the paper said.

Shuhei, who arrived Thursday, will meet Daim again on Monday for further discussions on the loans.

Iran seeks to borrow $1b from abroad

TEHRAN, Jan 24: Iran's parliament has authorised the government to borrow one billion dollars from abroad to invest in the agriculture sector during the 12 months beginning March, newspapers reported yesterday, says AFP.

The assembly has already given the government the green light to seek foreign investment of up to six billion dollars in the energy sector during the next Iranian year which starts March 21.

It also authorised borrowing of up to 3.5 billion dollars for funding petrochemical and telecommunication project as well as for dam construction.

According to forecasts made by parliament, the country will earn about 12 billion dollars from exports of oil-related products next year, which is five billion dollars less than the revenues anticipated for the current year.

The Iranian economy has been badly hit by the plummeting price of oil on world markets as the country depends on oil sales for about 80 per cent of its hard currency earnings.

Brazilian devaluation hits coffee, sugar

LONDON, Jan 24: Coffee and sugar prices suffered from the Brazilian devaluation and financial turmoil that continued to gather steam in the dominant Latin American economy, itself an important commodities exporter, reports AFP.

COFFEE: Chilled. Robusta prices on the London market remained under pressure amid fears that Brazil might be tempted to chase foreign currency by exporting coffee in greater volumes.

Robusta for March delivery fell to 1,696 dollars a tonne from 1,758 dollars last week.

On the New York market, Arabica for May delivery fell to 108.30 cents a pound from 119.90 cents.

There has as yet been no flood of exports from Brazil despite the sharp devaluation of the real over the past ten days.

TEA: Cold. Tea prices fell as demand ran dry in the Mombasa auction houses in Kenya.

High-grade BP1 leaves fell by between five and 15 cents a kg.

Medium quality brews fell by between 10 and 20 cents a kg.

SUGAR: Melting. Sugar prices fell in the face of a sharp rise in producer selling, notably from Brazil, and speculative trades from powerful investment funds.

On the London market, white sugar prices fell by almost 20 dollars (17 euros) a tonne and coffee lost more than 60 dollars per tonne.

On the London market, May contracts fell to 232 dollars a tonne from 250.40 dollars.

Dealers said that Brazilian exports ran apace after the sharp devaluation of the real currency, as producers sought to maximise their gains in dollar terms.

Forward selling of the forthcoming crop in the world's dominant producer country hit prices, dealers said.

Czarnikow Trading House predicted that Brazil would export up to 2.725 million tonnes of sugar in the first quarter of 1999.

Analysts eyed bumper imports into Russia as the silver lining to the Brazilian clouds parked over the sugar mart.

Cuba, meanwhile, revised downwards its predictions for total exports in 1998/1999 to 2.95 million tonnes from an earlier estimate of 3.22 million tonnes.

COCOA: Cool. Technical factors caused a cooldown in cocoa prices, despite a slowing of consignments at ports in the world's dominant producer country, Cote D'Ivoire.

Cocoa contracts for May delivery fell to 932 pounds per tonne here from 941 pounds last week.

Consignments arriving at Cote D'Ivoire ports prior to export in the week to January 17 slowed to 56,162 tonnes from 73,592 tonnes the previous week.

The Ivorian government this week shut down a key institution which for decades regulated the beat of the west African country's economy and sourced relations with international lending institutions.

The decreed Closure of the Agricultural Product Price Support and Stabilisation Fund (CAISTAB) falls under a wide-ranging programme to liberalise the cocoa and coffee industries.

The closure, indeed the whole liberalisation programme, are the result of intense pressure from creditors such as the International Monetary Fund (IMF) and the World Bank.

VEGETABLE OILS: Weak. Fears of drought damage to soya plantations in Latin America were swept away by heavy rainfall this week, diluting soya prices on the US market.

Dealers also feared a flood of beans from China if the country is swept into the latest wave of currency devaluation emanating from Brazil.

Soya prices on the Chicago Board of Trade (CBOT) fell by two cents to 5.30 dollars a bushel (of 27.2 kg for January).

Palm oil on the Kuala Lumpur Commodities Exchange (KLCE) fell after China said it would not import oil this week.

"China has issued an import licence for 150,000 tonnes of soyoil but made no mention of palm oil and when the news came out, the market dived," one local trader said.

The KLCE was closed for three days for public holidays.

Palm oil for April delivery fell to 2,000 ringgits a tone from 2,103 ringgits.

Analysts said that prices were likely to rise in the weeks ahead because of reduced supply from Malaysia and Indonesia.

On the Rotterdam market, palm oil fell by 12.50 dollars to 625 dollars.

Sunflower fell by 10 dollars to 590 dollars a tonne, groundnut fell by five dollars to 830 dollars a tonne.

Rapeseed oil fell by five guilders to 103.50 guilders per 100 kg.

GRAINS: Weak. US wheat prices fell amid intense competition from European and Australian supplies.

Maize prices rose slightly despite ideal climatic conditions in the United States, Brazil and Argentina for corn growing, including plentiful rainfall in growing regions.

Brazilian producers have stepped up exports after last week's devaluation of the real.

On the Chicago market, wheat prices fell by eight cents to 2.68 dollars a bushel (of 27.2 kg, for March delivery). Maize prices rose by one cent to 2.16 dollars a bushel (of 25.4 kg, for March).

Demand on the European market was low.

In London, wheat rose by 1.50 pounds to 76 pounds a tonne (for January).

COTTON: Shreaded. Cotton prices fell amid extremely light trade on the US market, as dealers braced for a flood of supplies from Brazil after devaluation there.

Cash prices covered by the cotton outlook index fell to 55.70 cents per pound from 55.85 cents.

WOOL: Weak. Australian wool prices fell despite relatively strong demand, as investors worried about a possible reduction in demand from China if the country becomes deeply embroiled in the emerging markets crisis.

The eastern index fell by three cents to 5.17 Australian dollars a kg.

Auction houses in Sydney and Adelaide saw 89.1 per cent of 60,192 bales on offer sold.

There was no auction in Bradford, England, this week.

OIL: Warmer. Crude oil prices rose slightly at the end of the week in the light of a bigger than-expected fall in US oil stocks and fears of renewed conflict in the Gulf.

Brent North Sea crude for March delivery closed at 11.0 dollars a barrel on the International Petroleum Exchange (IPE) from 10.94 dollars last week.

On the New York Mercantile Exchange (NYMEX), light sweet crude for February rose to 12.46 cents to 12.15 dollars.

Petroleum desk manager at Salomon Smith Barney trading house Peter Gignoux, said that the rally came amid some concern over the possibility of renewed conflict between the United States and Iraq.

"According to overnight stories, Iraq is massing troops and anti-aircraft guns along its borders, which boosted brent this morning," Gignoux said.

Prices here were also aided by stronger prices on the New York market, after the American Petroleum Institute reported a bigger-than-expected fall in US oil stocks.

Rubber hard, rubber prices continued to rise amid extremely thin trading, with markets across Asia closed for public holidays.

Analysts predicted that prices would fall back early next week on profit-taking.

In Kuala Lumpur, the RSS 1 index rose to 2.89 ringgits a kilogramme from 2.76 ringgits last week.

On the London market, prices rose to 575 pounds per tonne (for February delivery) and 532.50 pounds (for March) from 525 pounds and 520 pounds respectively last week.