

# Roll back in subsidy cuts ruled out India announces steep rise in cooking gas price

NEW DELHI, Feb 1: The Indian government yesterday announced a steep increase in the price of cooking gas as it ruled out a roll back in subsidy cuts on foodgrains and fertiliser to contain a ballooning fiscal deficit, reports AFP.

A government statement said the prices of liquefied petroleum gas had been increased by more than 11 per cent and the subsidy per cylinder had been cut by 10 rupees (23 US cents).

Even after the (price increase) subsidy to the consumer is estimated to be 60 rupees per cylinder, the statement said, a cooking gas cylinder in the capital New Delhi costs 136 rupees.

Earlier, Finance Secretary Vijay Kelkar said the price increases announced last week on foodgrains and fertiliser price

increases announced last week on foodgrains and fertiliser were "anti-inflationary" and there is a need to cut subsidies which have reached an "unsustainable level."

"The cut in subsidy will send right signals to the market. There is no question of a roll-back," Kelkar told reporters.

The Indian government, facing a mounting financial crisis, last week decided on the subsidy cuts in a bid to save 50 billion rupees (1.2 billion dollars) to help reduce the huge fiscal deficit.

Prices of foodgrains sold through the public distribution network shot up between 30 and 80 per cent and the price of urea fertiliser rose 11 per cent.

The opposition as well as government allies lashed out at

the Hindu nationalists calling the move an assault on the millions of poor in the country.

The Telugu Desam party, which backs the ruling coalition from the outside, said it might withdraw legislative backing to the minority government.

Kelkar, however, defended the price increases saying it would not fuel inflation.

"Though the increase in prices of foodgrains will push up the inflation rate by 0.2 per cent, it real terms it would come down due to reduction in fiscal deficit."

"The rule of thumb is that one per cent reduction in fiscal deficit would lead to a two per cent reduction in inflation, Kelkar said.

Kelkar, the top bureaucrat in

the finance ministry, said the price increase would cut the fiscal deficit by about 904 million dollars in a year.

India's fiscal deficit is about six per cent of the gross domestic product and some trade bodies have put the figure at seven per cent.

The luke has been resorted to at a time when the inflation rate was also at a low 4.4 per cent to ensure that the impact was minimal, Kelkar said.

Kelkar admitted the Indian government would not be able to contain the fiscal deficit at its targeted 5.6 per cent of GDP.

He said total government borrowings for the 10 months to January of fiscal 1999 which ends in March had shot up by around three per cent from New Delhi's target to 19 billion dollars.

# Crunch time for US rates

Analysts expect US interest rates to be unchanged once the country's powerful Federal Reserve policy makers meet.

The Federal Open Market Committee meets on Tuesday and Wednesday to decide on the level of rates.

Their deliberations come on the back of news that the US economy surged ahead dramatically at the end of last year.

"We have certainly started 1999 with tremendous momentum," said economist Cynthia Latta of DRI-McGraw Hill.

She said there was no evidence yet of rising prices or wages that would justify such action.

The Fed cut short-term rates three times last year, helping to create a stock market rally from a summer slump.

**Economy surges ahead**

The US economy is continuing to defy global economic turmoil and is growing faster than economists predicted.

It expanded at an annual rate of 5.6 per cent in the last quarter of 1998, faster than the

rate of 3.7 per cent recorded in the third quarter, the Commerce Department said.

This is the strongest pace of quarterly growth since the second quarter of 1996, and was much stronger than the 4.8 per cent that had been expected.

For the whole of last year, the economy grew at a rate of 3.9 per cent, the same as in 1997.

Consumer spending rose 4.8 per cent in 1998, its strongest increase since 1984.

Inflation, as measured by the GDP price index, rose one per cent in 1997, the smallest per cent increase since 1950.

**Consumers lead the way**

The acceleration of growth was put down to an increase in personal spending on durable goods, a rise in exports, and higher business investment.

Growth was offset by rising imports, decreased personal spending for services, and

## Exchange Rates

American Express Bank Ltd Foreign exchange rates (indicative) against the Taka to clients					
Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight	Buying OD Transfer
US	48.7050	4.3100	48.7450	48.1570	48.0650
GBP	80.8649	79.6922	80.9313	79.4398	79.3210
DEM	28.6500	28.2350	28.6735	28.1455	28.1034
JPY	0.4029	0.3963	0.4033	0.3950	0.3944
FrF	8.6074	8.3589	8.6145	8.3324	8.3199
SAR	13.0213	12.8457	13.0320	12.8050	12.7858
MYR	12.8174	-	-	-	12.6543
AED	13.3972	13.1167	13.0320	13.0751	13.0556
KWD	166.2854	154.1973	166.4202	153.7099	153.4791
QAR	13.4192	13.2320	13.4320	13.1901	13.1704

Bill buying rates:					
TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6667	45.8945

US dollar/Local Interbank Offered Rate (LIBOR)						
Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months
48.0850	48.7050	USD	4.9375	4.9675	4.9675	4.9675
-	-	EURO	3.0967	3.0737	3.0109	2.9800

Exchange rates of some Asian currencies against US dollars					
Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.50/42.502	51.04/51.14	36.70/36.77	3.7900/3.8000	875/8825	1173.5/1176.0

**Amex notes on Monday's market**

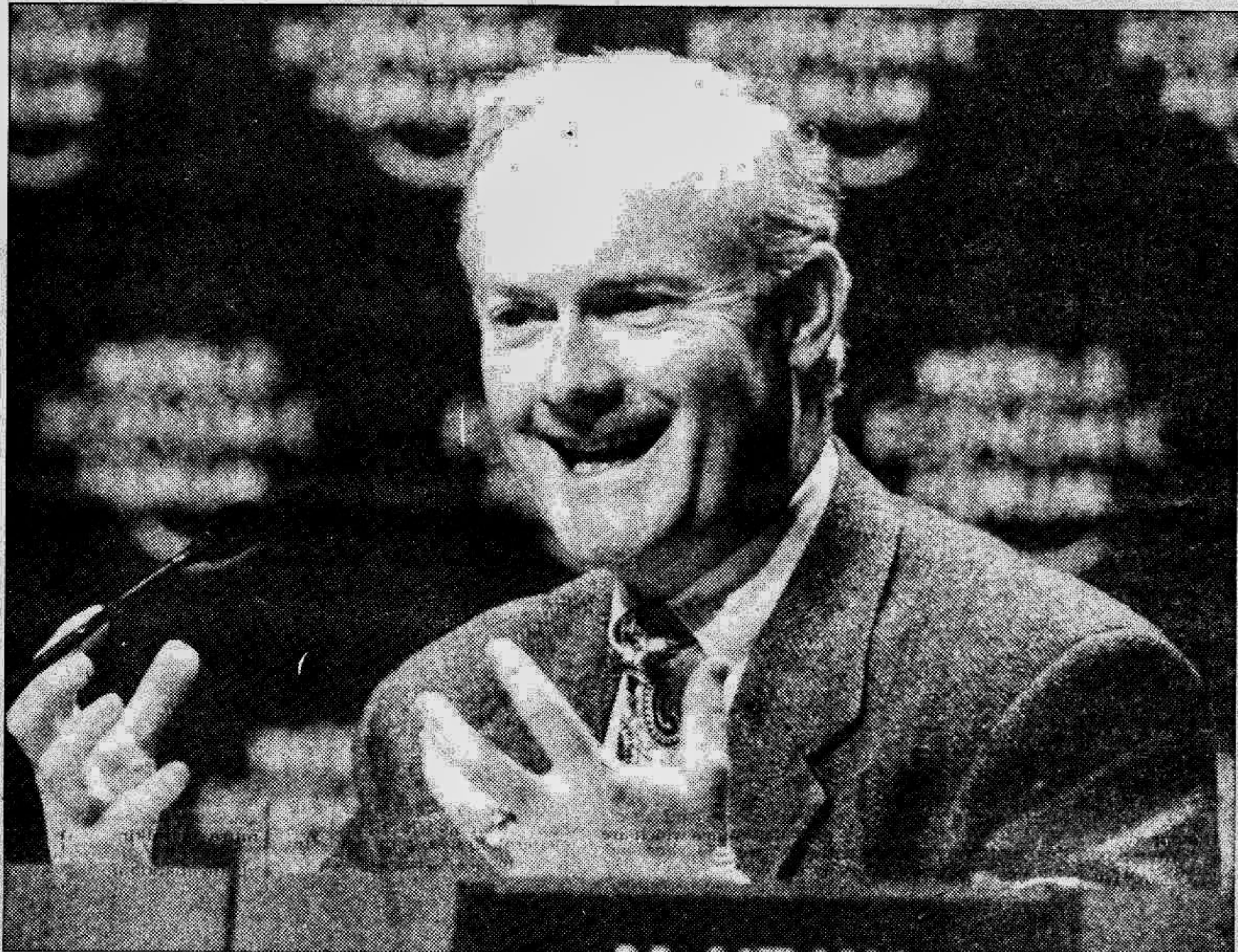
USD/BDT market was very active on Monday. High dollar demand among the interbank players kept the pressure on USD/BDT rate. Average transactions were done between 48.6725 and 48.8800.

Call money market was active on Monday with average call rates ranging between 7.75% and 8.00%. Payments for government accepted T-bills worth BDT 3.746 billion was made today against maturity of BDT 4.805 billion. As a result, the market is more liquid than before, though big market players are trying to keep the call rates around the current level.

The US dollar became weaker against the yen-by late Tokyo trade on Monday. It was pulled down by offers from Japanese exporters to sell USD and also selling interest from Japanese investors. Furthermore, the greenback was supported by buying interest of Japanese institutional investors at around 115 yen level. Meanwhile, the euro fell to a record low of \$1.1337 in the Tokyo afternoon due to selling by foreign operators in view of growing expectation that the European Central Bank (ECB) may lower interest rates in the near term.

The euro recovered by the European open on Monday after reaching record lows against the dollar earlier, though the currency was still under pressure.

At 9.45 GMT the majors traded against the USD at 115.45/115.50 JPY, 1.4115/1.4125 CHF, EUR at \$1.1381/1.1384 and GBP at \$1.6438/1.6448.



DAVOS (Switzerland): Kim B Clark, Harvard University USA, speaks to the assembly about 'Doing Business in the Digital Economy' at the 29th Annual World Economic Forum in Davos, 1 February. — AFP photo

# UK should join euro soon : ECB chief

The President of the European Central Bank has said he believes Britain will join the single currency sooner rather than later.

Wim Duisenberg was interviewed on BBC2's The Money Programme.

The UK Prime Minister Tony Blair has continually insisted that his government is keeping an open mind on the subject.

His line has always been that the UK will sign up to the euro if and when it is in Britain's interest to do so.

Now, the man charged with managing the European Union's central bank, Duisenberg, says he believes Britain will join up to the single currency.

**Mutual benefit**

In his first interview since the launch of the euro on 1 January, Duisenberg said: "I hope it [the UK] will join. I hope it will join and I hope it will join sooner rather than later."

"We need Britain and I think Britain needs us."

In a wide-ranging interview, Duisenberg put forward reasons why the UK should be part of the single currency.

Britain's status as a trading nation will be enhanced by membership, he said.

"If you do away with the exchange rate for almost - in the case of the UK - one half of your international trade, that will be of enormous benefit to the people and industry and the service sector in the United Kingdom."

**The quest for convergence**

But Duisenberg warned that Britain would have to work hard to bring its economy into line with the rest of Europe.

He said: "You would have to harmonise your economic developments, and you would have - in order to make it credible for the exchange rate to be irrevocably locked to the euro - you would have to prove, not in a formal sense but to demonstrate, that the developments in your economy have been brought more or less in line with the rest of the area."

Duisenberg's remarks highlighted some of the concerns the UK has in joining the euro, in giving away power to set interest rates to the European Central Bank, in Frankfurt.

Duisenberg made it clear he intends to resist calls from politicians for lower interest rates in euroland despite fears of a recession.

He intimated he will stick to clear monetary and fiscal policies and will not indulge in decisions which may give political quick fixes.

Duisenberg said: "The tension is always there, whether it is from finance ministers from this or that country. I might almost say I'm used to that tension, to pressure. And I'm also used to withstanding that pressure."

**Mixed signals**

As to whether Europe was heading for a recession, Duisenberg said the matter was still unclear. — BBC Internet

## Shipping Intelligence

Chittagong port						
Berth position and performance of vessels as on 1-2-99						
Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving
J/1	Ocean-1	Grill/LOG	Yang	SMSL	18/1	2/2
J/2	Banglar Gourab	Rice(P)	Kara	BSC	19/1	1/1
J/3	Al Wuamar	Rice(G)	Hald	SL	24/1	7/2
J/4	Ocean Brave (48)	Rice	Cal	Everett	26/1	2/2
J/5	Ostfriesland	Rice(P)	Kand	MHCSL	5/1	4/2
J/6	Martupol	R Seed	Pen	Seacomd	9/1	4/2
J/7	Banglar Mamata	Wheat(G)	Rice	BSC	R/A	3/2
J/8	Topaz	C.Clink	Cosil	MBL	28/01	7/2
J/9	Great Fortress	Wheat(P)	OWSL	R/A	2/2	
J/10	Acacia	Cont	Sing	RSL	22/01	1/2
J/11	Banglar Shobha	What(G)	-	BSC	R/A	3/2
J/12	Yasmina	Cl	Yang	SMSL	17/1	3/2
J/13	Banglar Shikha	Cont	Sing	BSC	30/1	3/2
CCT/1	Prosrich	Cont	Sing	QCSL	24/1	3/2
CCT/2	Sin Hat	Cont	Sing	RSL	21/1	2/2
CCT/3	Kota Cahaya	Cont	Sing	PH(BD)	24/1	3/2
RM/14	Youngling	C.Clink	Sing	PSAL	10/1	3/2
RM/15	Banglar Urmi	Cl	Sing	BSC	24/1	2/2
CCJ	Anodad Naree	C.Clink	Indoi	Delmure	30/12	1/2
GSJ	Starman	Wheat(G)	Col	SSST	20/1	2/2
TSP	Patchara naree	Sulp	BABB	Seacom	23/1	4/2
RM/6	Talana	Urea	-	Seacom	18/1	5/2
DDJ/1	Tanary Star	Idle	Para	PSAL	-	21/1
RM/8	Meghna	Repair	Sing	Bdship	11/1	2/2
RM/9	Banglar Shourabh	Repair	Repair	BSC	R/A	2/2
Cufi	Mary Nour	Cement	Law	BSL	19/1	2/2
Kafco (U)	Calatgan	Urea	Mong	Everett	23/1	2/2

Vessels due at outer anchorage					
Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
Xiang Jiang	1/2	Bdship	Cl	-	-
Yang Ling	1/2	Bdship	Cl	-	-
Abuja (Cont) 26/1	1/2	Col Baridhi	Cont	-	Col
Champion	2/2	Texas	SST	Wheat(G)	-
Akra Sountion	2/2	Texas	Lams	Wheat(G)	-
Orient Bliss	1/2	Thai	Mbl	Cl(St.Coll)	-
Iran Shahamat	2/2	Mong	AASS	Rice	-
Makmur Perkasa	2/2	Mong	BSC	Bunkering	-
Sailor-1	3/2	P.Said Ancient	Wheat(G)	-	-
Sea Gallant (Cont) 24/1	3/2	Sing PH(BD)	Cont	-	Sing
Hafina	3/2	MHCSL	Rice(G)	-	-
Xing Ye	3/2	MHCSL	Rice(P)/Cl	-	-
Bo Tong Gang	5/2	USTC	Rice(G)	-	-
Oh San Tok	5/2	USTC	Rice(G)	-	-
Taraman Bibi	7/2	USTC	Cement	-	-
Alam Selar	7/2	Rainbow	-	-	-
Spring Trader (48) 26/1	4/1	Everett	Cl	-	-
Qc Pintail (Cont) 24/1	3/2	Sing	QCSL	cont	Sing
Grigory Kovalechok	4/2	Kaki	SMSL	Rice	-
Martina	5/2	Viking	SST	Cement	-
Bunga Mas Lapan (Cont) 27/1	5/2	Sing	BSC	Cont(Sing P.Kel)	-
Bunga Birol (Cont) 25/1	5/2	Sing	Bdship	Cont	Sing
Olympic Mentor	5/2	Turk	OWSL	Wheat(P)	Cl
Ever cheer (48) 31/1	5/2	Sing	RMLGI (St. Coll)	Cont	-
Bhavabhuti	7/2	Cinn	SSLL	Cl	-
Kota Naga (Cont) 28/1	8/2	Sing	PH(BD)	Cont	Sing
Bunga Mas Enam (Cont) 31/1	8/2	Sing	EOSL	Cont	Sing
Makassar Express (Cont) 31/1	8/2	Sing	RSL	Cont	Sing
A.A. Venture	10/2	Sing	Cl	Rice(P)/Cl	-
Ingenuity (Cont) 17/1	10/2	Sing	RSL	Cont	Sing
Commenement	12/2	Sing	Ancient	Rice(G)	-
Albatross-III	12/2	Kand	Smsl	Rice	-
Sarah-1	13/2	Kara	Smsl	Rice(G)	-
Qc Teal (Cont) 27/1	10/2	Sing	QCSL	Cont	Mgl
Asian Prosperity (Roro) 24/31/113/2	11/2	Sing	JF	Vehi	-

Tanker due					
Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
Marol	2/2	Juba	ECSL	HSD	-
Ervilla	2/2	Sing	ECSL	HSD	-
Kyokued Maru No.2	2/2	Sing	MSTPL	Lube Oil	-

Vessels at Kutubdia					
Name of vessels	Cargo	Last Prot call	Local agent	Date of arrival	
Seabulk Command	-	-	IBS	R/A(25/10)	

Vessels at outer anchorage					
Ready on					
Name of vessels	Cargo	L Port call	Local agent	Date of arrival	
General mojca	RSeed	Sing	Dolphin	18/1	
Amfritri	Cl	Cagg	Oil	23/1	
Ecatrina	Cl	Mum	Sunshine	24/1	
Blue Angel	What(P)	Mad	AASS	10/1	
Saikung	Cl	Wahu	Seagory	21/1	
Mawlamyine	Cl	Yang	MTA	26/1	
Banga Dirajal(Cont)	Cont	Sing	Bdship	26/1	
Arktis Blue(48)	Cl	Cl	RSA	21/1	
Dragon Kalimantan(Cont)	Cont	Sing	Nol	27/1	
Al Swamruzz	Wheat(G)	Cont	Asil	R/A(242)	
Kota Singa(Cont)	Cont	Sing	PH(BD)	27/1	
Golden D	Wheat(G)	Mong	HSD	28/1	
Diligence Cont	Cont	Sing	QCSL	28/1	
Asian Ruby	Rice(P)	Vehi	USTC	28/1	
Ultima	Cont	Col	QCSL	28/1	
Qc Mallard	Cont	P.Kel	QCSL	30/1	
Banglar Moni	Cont	Sing	BSC	30/1	
Baglar Moni (Cont)	Cont	P.Kel	QCSL	30/1	
Xpress resolve	Cont	Sing	RSL	30/1	
Al Bouraq	Wheat(G)	K. Dia	Lams	R/A(30/1)	
Kota Abadi (Cont)	Cont	Sing	PH(BD)	31/1	
Iran Salam (48)	Cl	Dubai	Everett	31/1	
Lamphun Nave(Cont)	Cont	Col	Baridhi	31/1	
Elitkon	Wheat(P)	P.Said	PSAL	11/2	

Vessels not ready					
Name of vessels	Cargo	L Port call	Local agent	Date of arrival	
Meraks	TSP/Pssp	Qinz	USTC	8/1	
Meloi	Wheat(G)	Vann	Ancient	14/1	
Kim Dong	Rice(G)	Para	MSL	24/1	
Scriptre	Clso	Darb	Rainbow	25/1	
Banglar Asha	Wheat(G)	Cont	BSC	R/A(24/2)	
Well Speeder	C.Clink	Sing	PSAL	28/1	
Syntia	Rice(G)	Kand	USTC	30/1	
Multan	Rice(P)	Kara	BSC	30/1	
Viva Treasure	C.Clink	Sing	USTC	1/2	

Vessels awaiting instruction					
Name of vessels	Cargo	L Port call	Local agent	Date of arrival	
Karya Sentosa	Rice(G)	Cont	USTC	R/A(18/9)	
Rita	Rice(P)	Kaki	cross	R/A(2/9)	
Delta Stear	-	-	RSA	R/A(7/7)	
Sea world	-	-	CCNL	R/A(5/1)	
Banglar Jyoti	-	-	BSC	R/A(27/1)	
Banglar Mookh	Ballast	Mong	BSC	30/1	
Tug Asl Enterprise	-	Mong	Frnk	31/1	

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

# US irked by Japan, Europe role in reviving world economy

DAVOS, SWITZERLAND, Feb 1: Blunt talk from US officials at the world's top business summit has exposed Washington's growing impatience with the role Japan and Europe are playing during the worst economic crisis in 50 years, reports Reuters.

Emboldened by brisk growth and a budget surplus back home, Vice President Al Gore, Treasury Secretary Robert Rubin and Rubin's deputy Lawrence Summers have used the World Economic Forum's annual meeting to prod their allies for more action.

"The world from Washington is clear: The United States is irked that it is running a record trade deficit to help fuel world growth while Japan and Europe run surpluses."

Gore said all three partners had to foster sound growth "if we are to prevent the financial crisis of 1998 from becoming the trade crisis of 1999. America cannot be the importer of only resort."

Addressing hundreds of business and political leaders on Friday, he stepped up pressure on Japan to speed steps to revive the world's second-biggest but stagnant economy that even in recession makes up two-thirds of Asia's output.

"With due regard for the progress Japan has made, we - all the rest of us in the world - respectfully repeat to Japan, our friend and partner: please, we need you help to deal with this global economic crisis."

Europe had to use momen-

tum from the launch of its new euro currency to make its economies more liberal, flexible and open to imports, he said.

Rubin stuck the same note on Saturday.

"For a healthy global economy it's very important for the other industrial countries in the world - Europe and Japan - to focus aggressively on promoting domestic demand-led growth and substantially reduce formal and informal barriers to trade."

Japan's top trade diplomat, Vice Finance Minister Eisuke Sakakibara, defended Tokyo's record, insisting its package to stimulate the economy and shore up its financial system.

"The implementation pro-

# A French banking giant emerges

French banks Paribas and Societe Generale are to merge, creating one of the largest European banks, with a market capitalisation of nearly 30bn euros (\$34bn, or £20bn).

US officials seemed eager for proof after years of pledges from Tokyo that real results were on the way.

"I know that we would all be prepared to congratulate the Japanese authorities if a year from now we were able to declare the Japanese financial crisis definitively over and Japan's growth definitively re-established," Rubin's deputy Summers said.

"I suspect that are view of Japanese pronouncements at the last eight meetings of the Davos economic forum would suggest that it was a good idea to wait and see what happens before declaring victory."

initially head the new group. He will be succeeded in 2002 by Societe Generale chairman Daniel Bouton.

Although the two banks are largely complementary, with Paribas specialising in investment banking and Societe Generale in the retail sector, there could still be job losses. The new group says it will take a 1bn euro (\$1.14bn, £700m) restructuring charge in order to raise its return on equity to 15 per cent.

The group expects to make savings of 800m euros from the merger by 2001.

**Merger wave**

The banking merger wave has been gathering pace in Europe since Switzerland's two largest banks, UBS and SBC, joined forces one year ago. — BBC Internet

# British manufacturing sector in doldrums

The UK's manufacturing sector contracted for the 10th consecutive month in January and at a slightly faster pace than in December, according to figures from the Chartered Institute of Purchasing and Supply (CIPS).

The CIPS purchasing managers' index fell to 42.4, the third lowest reading in the survey's seven-year history.

The index stood at 42.8 in December. A reading below 50 indicates contraction, while above 50 indicates expansion.

The figures will add to pressure for the Bank of England to cut interest rates when it meets this week.

"The data are softer than expected and should underpin hopes for a Bank of England rate cut on Thursday," said Jeremy Hawkins, economist with the Bank of America.

**Falling prices**

Two of the five components of the index - output and new orders - pointed to an easing in the rate of contraction in January.

However, the three other components - suppliers' delivery times, employment and stocks of purchases - all fell at a faster rate than in December.

CIPS said prices in the sector, which accounts for some 20 per cent of total output in the

# Gas pipeline in Myanmar to be ready by end of this year

YANGON, Feb 1: The Yetagun pipeline which will complete a network pumping natural gas from off the Myanmar coast to Thailand will be finished by the end of this year, official reports here said, reports AFP.

World on the Yetagun project started late last year and so far 67 kilometres (41 miles) of pipeline have been laid on land and 178 kilometres (110 miles) of 208 kilometres (128 miles) have been laid offshore, the weekend reports said.

The Yetagun field, in the Andaman Sea west of Myanmar, lies south of the massive Yadana gas field and is estimated to hold around 1,100 billion cubic feet (33 billion cubic metres) of gas reserves.

The work of pipeline laying, erection of production drilling rig and arrangements to produce and sell condensate of Yetagun gas project will be ready at the end of 1999, reports official newspapers said at the weekend.

Myanmar's Minister of Energy Brigadier General Lam Thi last week toured construction work being carried out by the main contractor Britain-based Premier Oil Company, reports said.



A stock trader holds a computer terminal in his arms as he contemplates during Monday's afternoon session on the Tokyo Stock Exchange. The 225-issue Nikkei Stock Average drifted down 62.82 points to 14,436.43 points as investors stayed on the sidelines to await details of government plan to prevent companies from dumping stocks on the market. — UNB/AP photo

# Economic growth in W Europe to shrink to 2 pc

MUNICH, Germany, Feb 1: Economic growth in western Europe is expected to shrink to two per cent in 1999, down from 2.8 per cent last year, the German Economic Institute (IFO) forecast in a report published yesterday, reports AFP.