

Iraq set to cross UN-fixed oil export ceiling

BAGHDAD, July 6: Iraq is set to raise more than the ceiling of 5.2 billion dollars fixed for its oil exports during the current six-month phase of a humanitarian programme, a senior UN envoy said here yesterday, reports AFP.

But Benon Sevan, the New York-based director of the UN humanitarian programme for Iraq, warned against "complacency" and said the country's oil industry was still in dire need of spare parts.

The current rise in production and exports is being achieved at a very high price, high price in terms of damaging wells, some of them irreparably, and also with serious consequences to the environment," he told reporters.

"We should not be complacent, irrespective of the increase," Sevan said at the end of a mission of more than two weeks during which he met Iraqi officials and visited the Kurdish-held north.

The envoy called for the UN sanctions committee, to which

Iraq's contracts are submitted, "to proceed expeditiously in approving the spare parts as well as equipment for the oil industry."

A major need is communications equipment for the battered oil industry, he said. "You just cannot go on loading ships without a rudimentary communication system. God help anybody against a major accident," said Sevan.

He also warned it took up to 18 months to customise equipment for oil installations and added that contracts for spare parts needed to be approved as a package to be effective.

On the positive side, "based on what the oil price was on Friday last, we will achieve higher revenues than the 5.2 billion dollars" under the oil-for-food programme, Sevan said, referring to the recovery in world prices.

He pointed out that the UN Security Council had left the door open to raising the ceiling for the programme, which allows sanctions-hit Iraq to ex-

port crude in return for food, medicine and other humanitarian imports.

The latest phase of the programme was launched on May 24.

Oil Minister Amer Rashid has since announced that Baghdad aims to increase its production capacity to three million barrels per day (bpd) by the end of this year.

Iraq now produces about 2.65 million bpd of which nearly two million barrels are exported.

On the medical situation in Iraq, Sevan said he agreed with Iraqi officials to draw up an inventory of supplies which have been diverted in the country but not been distributed.

The agreement follows a UN report that 70 million dollars worth of imported equipment has been kept in storage, despite Iraqi protests that Washington and London were using the sanctions committee to hold up medical contracts.

Sevan said the Iraqis had explained, for instance, that

300 dental chairs worth 24 million dollars were "useless" because they arrived without the necessary compressors.

On the effectiveness of the oil-for-food programme, he warned it was "never meant to meet all the humanitarian needs" of Iraq's 22 million population.

"Irrespective of the funding level, irrespective whether supplies arrive on time or not... there is no way we can meet all the needs," he said, although the UN programme could "still do a much better job."

On the approval of Iraqi contracts, Sevan said it was a political process but that the UN humanitarian programme could help speed it up by providing more information.

"What we are trying to do more and more is to try to use our observation services to UN try and give assurances to (UN) member states that what is being approved... is being utilised for the specific purposes approved."

UN-WB report says Africa shows best returns from FDI

DURBAN, South Africa, July 6: Africa shows the best returns from foreign direct investment (FDI), according to a UN-World Bank report released at a World Economic Forum southern Africa summit here Monday, reports AFP.

The United Nations Conference on Trade and Development (UNCTAD) cited data from US transnational corporations showing that the profitability of their African affiliates had been consistently higher in recent years than that of affiliates in most other regions of the world.

"This is an important step to help change the image of Africa, to put the continent back on the investment-location map," UN Secretary General Kofi Annan said in the report.

"US affiliates found that their investments in southern Africa yielded double what their average FDI investment returns was 25 per cent in 1997 and 30 per cent in 1998, a 12 per cent," said David Bridgman of the World Bank, who

launched the report at the Durban summit.

"For the Japanese it was treble what their international returns tended to be — six per cent with a world average of 2.0 per cent. In two of the largest multinational investors you see the same picture emerging of very strong returns from this continent," said Bridgman.

Bridgman said the report showed that Africa's performing countries "are ignored in the morass of the sometimes negative news which comes out of the continent."

South African Finance Minister Trevor Manuel welcomed the report.

"Too often the focus is on what's wrong with Africa," he said.

Manuel said the report showed the benefit of an increasing range of agreements between states covering double-taxation and investment protection guarantees which "actually creates an environment with higher levels of certainty."

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currencies.

Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	48.7300	48.7700	48.3200	48.1570	48.0850
Pound Stg	77.0031	77.0664	75.8576	75.6017	75.4886
Deutsche Mark	25.8595	25.8608	24.8965	24.7971	24.7600
Swiss Franc	31.1812	31.2068	30.7028	30.5392	30.5534
Japanese Yen	0.4011	0.4014	0.3941	0.3928	0.3922
Dutch Guilder	22.9508	22.9636	22.0960	22.0078	21.9749
Danish Krona	6.7530	6.7585	6.6019	6.5796	6.5698
Australian \$	33.1803	33.2075	31.9105	31.8029	31.7553
Belgian Franc	1.2538	1.2548	1.2071	1.2023	1.2005
Canadian \$	33.6231	33.6507	32.6498	32.5395	32.4899
French Franc	7.7104	7.7167	7.4232	7.3936	7.3826
Hong Kong \$	6.2929	6.2980	6.2150	6.1941	6.1848
Italian Lira	0.0261	0.0261	0.0251	0.0250	0.0250
Norway Kroner	6.2021	6.2072	6.0072	6.0076	6.0075
Singapore \$	29.1482	29.1721	28.2111	28.1160	28.0739
Saudi Rial	13.0301	13.0408	12.8487	12.8053	12.7862
UAE Dirham	13.3044	13.3153	13.1197	13.0755	13.0559
Swedish Krona	5.7349	5.7396	5.6613	5.6422	5.6338
Qatar Riyal	13.4228	13.4338	13.2333	13.1886	13.1689
Kuwaiti Dinar	164.2400	164.3748	152.2369	151.7234	151.4965
Thai Baht	1.3258	1.3269	1.3118	1.3074	1.3054
Euro	50.5769	50.6184	48.6933	48.4989	48.4264

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6997	46.2971

US Dollar London Interbank Offered Rate (LIBOR)

Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
48.0850	48.7300	USD	5.18300	5.310	5.588	5.64575	5.75000
48.0850	48.7300	GBP	5.09188	5.153	5.297	5.37125	5.48109
Cash/T	Cash/T	C	2.6331	2.650	2.846	2.88750	2.95888

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
43.270/43.277	51.580/51.680	36.760/36.800	3.7995/3.8005	6705/6720	1168.0/1168.5

Pakistani banks reschedule \$877m loans

ISLAMABAD, July 6: Cash-strapped Pakistan got a big boost from commercial banks which agreed to a low-interest rescheduling of loans worth \$877 million over three years, Finance Minister Ishaq Dar said Tuesday, reports AP.

Repayment will begin Dec 31, 2000.

The rescheduling further helps Pakistan's ailing economy which has gradually been recovering from punishing sanctions imposed last year after India and Pakistan conducted underground nuclear tests.

Pakistan was particularly hard hit because its economy is so heavily dependent on international loans.

Earlier this year the United States eased sanctions to enable Pakistan to get an International Monetary Fund loan worth \$1.8 billion and forge ahead with earlier rescheduling from bilateral creditors worth \$3.3 billion.

At a news conference in the federal capital on Tuesday Dar said Pakistan owes commercial banks \$877 million.

The country will repay 60 per cent, or dirr.466 million by 2001, while 40 per cent, or \$311 million, will be repaid by 2002, he said.

Repayment of the remaining \$100 million will begin Dec 31, 2002, he said.

5,000 jobs threatened

S'African gold mine to be liquidated this week

PRETORIA, July 6: South African gold mine ERPM, which employs some 5,000 miners, will be liquidated this week partly because of the weak gold price, the government said yesterday, reports AFP.

The government said in a statement that it would "do all it can to salvage as many jobs as possible."

It announced the liquidation of East Rand Proprietary Mines (ERPM), east of Johannesburg, after refusing bridging finance of 18 million rand (three million dollars) for the struggling mine.

The state has spent about 450 million rand (75 million dollars) since 1990 to keep the mine running, Jan Bredell, deputy director-general of mineral development, told AFP.

"Government does not see its way clear to continually spend public funds propping up a mine which clearly cannot operate successfully in its present form," the statement said.

Bredell said: "The (falling) gold price definitely has had an effect, but this is a very old mine and it has been battling over the last 10 years."

Honda develops low-pollution car

TOKYO, July 6: Honda Motor Co. Japan's third-largest automaker, said on Tuesday it has developed a low-pollution car that it also the world's most fuel efficient mass-production vehicle, reports AP.

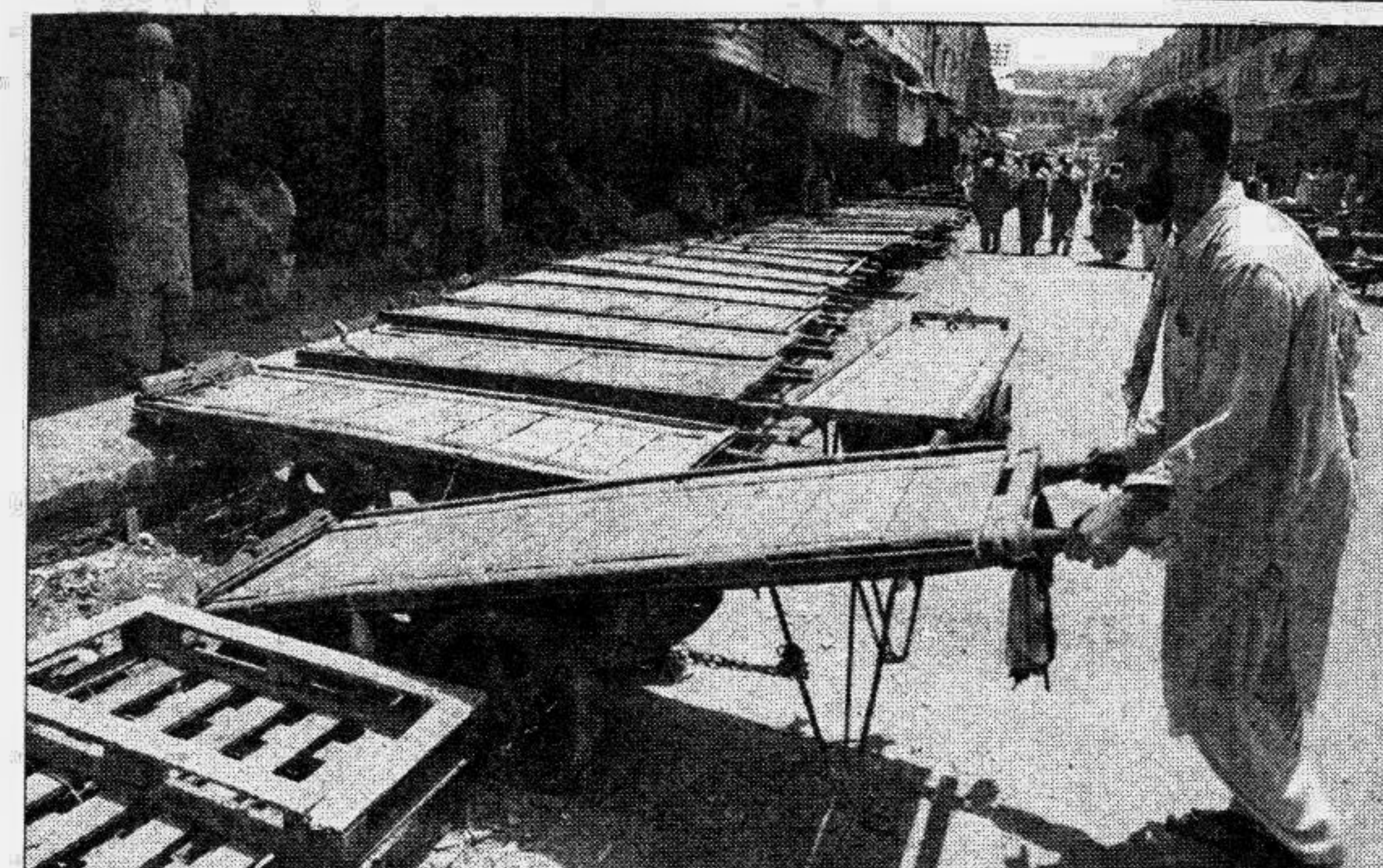
The automaker said it will equip its "insight" cars, scheduled for release later this year, with a so-called integrated Motor Assist System, a motor and a battery that help propel a 1 liter gasoline engine.

The technology will allow the car to drive 35 kilometers per liter (84 miles per gallon) of fuel — the highest in the world for a gasoline-powered consumer car, the company said.

The cars' exhaust emissions will also be much cleaner than required by planned regulation, Honda said.

As lawmakers around the world take steps to protect the environment, automakers have sought ways to reduce the pollution released by their cars.

At a 1997 conference on global environmental issues held in Kyoto, Japan, 38 countries promised to cut greenhouse gas emissions — mainly carbon dioxide — to 5.2 per cent below 1990 levels by 2008, to 2012.



A daily wage worker places his handcart along the roadside at a central wholesale market in the port city of Karachi as small traders shut down their businesses Tuesday to protest the imposition of a general sales tax (GST). The small traders have called for a nationwide strike on the day.

World economy should grow at 2.5 pc this year: Camdessus

SAN SEBASTIAN, Spain, July 6: The world economy should grow at 2.5 per cent or more this year as crisis-hit Latin America and Asia recover faster than expected, the head of the International Monetary Fund said yesterday, reports Reuters.

"From what we saw in the first half of the year in the US economy, the recovery of Brazil and its impact on Latin America, the stronger recovery in Asian countries, and better confidence in Europe, all this makes us think that this year could be better," Camdessus told reporters after a seminar in San Sebastian in northern Spain.

"(World growth) could be 2.5 per cent or maybe even more."

The latest IMF official forecast in April saw 1999 world growth of 2.5 per cent, held back by downside risks from Japan and Europe's sluggish economy.

Camdessus said the last two years had seen the worst crises in the global economy in 50 years.

"We were close to the abyss at the end of 1998," he said.

But now things were looking up.

"There are clear indications that the world economy is recovering although in the eurozone it's not yet clear whether demand is strengthening enough to compensate for any slowdown in the US economy," Camdessus said.

He said it was likely that sooner or later Europe would close the gap in growth with the United States, though it was not clear when the United States would end its current period of booming growth which last week prompted a 0.25 percentage point rise in interest rates.

There were also some signs of recovery in Japan, he said.

Last month Japan reported surprisingly strong 1.9 per cent growth for the first quarter of 1999 from the preceding quarter, or an annualised 7.9 per cent, its first quarterly growth in a year and half.

"The IMF still doesn't see any growth (in Japan) this year but it expects the first positive data in the year 2000."

He said there were still risks that could dampen world growth next year, but the IMF's 3.4 per cent forecast for 2000 was now much more likely to be reached than it was before.

He added that in 2001 it was possible that the world economy would grow more than 4 per cent, a rate necessary to combat world poverty.

Camdessus said Brazil's surprising recovery from a currency crisis earlier this year should allow for further cuts in punitive interest rates, which have already fallen from 45 per cent just after the crisis to 21 per cent.

S'pore economy may outperform forecast

SINGAPORE, July 6: Singapore's struggling economy could outperform the government's official forecast of zero per cent to 2 per cent gross domestic product growth in 1999, Deputy Prime Minister Lee Hsien Loong said Tuesday, reports AP.

A revised growth forecast for the country's GDP will be released in early August, Lee said, answering questions in Parliament.

"The economy has been recovering well this year, faster than we had expected," said Lee, who is also chairman of the Monetary Authority of Singapore, the city-state's de facto central bank.

But Lee cautioned that Singapore must not yet abandon strict cost-cutting measures taken last year to fight the recession.

"We need to nurse the present economic recovery, and not choke it off by allowing costs to rise prematurely," he said.

Lee attributed Singapore's growth to regional developments in Asia and growing global demand for electronics, which are one of the tiny country's key exports.

"It is also due to the decisive measures we took to reduce business costs, which have helped to boost our competitiveness," Lee said.

The government last year cut Singaporeans' wages by up to 15 per cent when it recommended pay reductions and slashed employers' mandatory contributions to the state-run pension plan, known as the Central Provident Fund, or CPF.

Lee announced Tuesday that the government will consider raising employers' CPF contributions earlier than expected, possibly next year. But he said it would be best to wait before reversing other wage-reducing measures.

China's bid to enter WTO Tokyo-Beijing deal likely soon

BEIJING, July 6: China and Japan began talks today on a bilateral protocol for China's accession to the World Trade Organisation, hoping to seal a deal during the visit of Japanese Premier Keizo Obuchi later this week, reports AFP.

Japanese Deputy Foreign Minister Koichi Haraguchi and Deputy Minister for the Ministry of International Trade and Industry Hisamitsu Arai began negotiations with Chinese Vice Minister of Foreign Trade and Economic Cooperation Long Yongtu, a Japanese official here said.

"It is very important to push the Chinese side for an early accession into the WTO. Our position is that we should not isolate China from the WTO," he said.

Obuchi will arrive in China for a short two-day visit beginning late Thursday and will meet with China's top leaders on Friday.

The two sides have already agreed to protocols on trade in goods and are in the final stages of negotiations on an agreement on trade in services, the official said.

If the deal is agreed Japan will be the first Group of Seven nation to officially approve Beijing's entry into the WTO.

Beijing has appeared reluctant to lift obstacles on foreign access to its service sectors such as distribution, telecommunications and construction markets.

A Japan-China agreement on China's entry into WTO will have a positive impact on stalled bilateral talks between China and the United States, Ma said.

Unemployment in Germany dips

BERLIN, July 6: Unemployment dropped slightly again in June, mostly due to seasonal factors as the sluggish economy continued to crimp job creation, the German Labour Office said Tuesday, reports AP.

The unadjusted jobless rate for June was 10.1 per cent, or 3.938 million unemployed, compared to 10.2 per cent in May and 10.5 per cent in June 1998.

Labour Office President Bernhard Jagoda attributed the decline mostly to seasonal factors, such as summer jobs in tourist centres or an upswing in outdoor construction.

Adjusted for those factors, the number of unemployed actually rose by 15,000 people, the Labour Office said. That was worse than analysts had expected.

A lack of economic momentum continues to weigh on the German labour market, Jagoda said.

He added that he expected the unemployment picture to worsen very slightly in July, in line with the usual summer pattern in which hiring increases at the beginning of the season but then tapers off.

Chancellor Gerhard Schröder has made job creation his government's No. 1 priority, but the roundtable talks he set up for government, industry and union leaders have yet to produce any significant results.

Business leaders have been angered by some of the government's tax reforms, and union leaders by industry demands for lower wages.

THE ROLE OF EMPLOYERS: EQUAL OPPORTUNITY POLICIES FOR WOMEN

ORGANISED BY
BANGLADESH EMPLOYERS' FEDERATION
UNDER THE BEF-ILO PROJECT

DHAKA, 6 JULY, 1999

Rokia A Rahman, President of Bangladesh Employers' Federation (BEF), delivers her inaugural speech at a round-table discussion on "The role of Employers: Equal Opportunity Policies for Women" organised by the BEF under the BEF-ILO Project at the Federation Conference Hall yesterday. A S M Quasem, Vice-President of BEF and M A Hassanein, Director of ILO Area Office, Dhaka, are also seen. — BEF photo

US unemployment falls back to 29-year low

WASHINGTON, June 6: US job creation slowed in May and the unemployment rate fell back to a 29-year low, but the data failed to offer a smoking gun that would persuade the Federal Reserve to raise interest rates, says Reuters.

The Labour Department said yesterday the number of workers on payrolls outside the farm sector grew a minuscule 11,000. But that followed a surge in employment of 343,000 in April, revised up from the previously reported gain of 234,000.

The jobless rate fell to 4.2 per cent, matching the rate recently seen in March and not seen before that since February 1970. The rate was 4.3 per cent in April.

"The numbers today take a little of the pressure off the Fed, but only a little," said Douglas Lee, chief economist at HSBC Washington Analysis. "It's pretty clear that the trend is that the labour market is no longer tightening. It is running at a more stable kind of rate."

US economists in a Reuters survey had expected payrolls to grow by 216,000 and predicted the unemployment rate would stay steady at 4.3 per cent.

Financial markets have been jittery in the run-up to the release, looking for clues on whether the Federal Reserve is likely to raise interest rates at a meeting later this month. The Fed has become concerned that the economy may be growing too quickly and that inflationary pressures may begin to build, especially in the job market.

In an interview shortly after the jobs data, Federal Reserve Governor Edward Kelly said the latest figures weighed in on the side of suggesting the economy might at long last be slowing down, but he said "it's far from definitive."

The tenor of Kelly's remarks made clear he was keeping an open mind about whether he and other Fed policymakers should raise interest rates to cool the economy when they meet on June 29-30.

"We do definitely still have tight labour markets," Kelly said. "Formation of new jobs for the year continues to be strong and continues to feed new spending power into the economy."

But Kelly said that there were no clear signs that wage inflation had begun to build.

The inflation-sensitive US bond market surged briefly on the report's release but then fell back down. In late trading the benchmark 30-year US Treasury bond was down 3/32 point, sending its yield, which moves in the opposite direction of the price, up to 5.97 per cent, its highest level more than a year.

Amex notes on Tuesday's market

The USD/BDT interbank market has remained sedate over the past few days. The supply of USD has not changed, but the demand for USD seems to have diminished somewhat. The USD/BDT rates moved within 48.65-48.67 in the past few days. Central bank rate remains 48.35/48.65. The liquidity of the call market is keeping the call rates below 8 per cent. It is likely that the rates will fall further and stay in the 6.00-6.75 level today.

The yen spent Monday's European session trimming losses from the near-six-week lows it hit against the dollar after Bank of Japan intervention overnight. The yen's gains had been gradual and predicted the dollar would find good support around 122 yen given fears the Bank of Japan could sell more yen to show it was committed to preventing yen strength from derailing the country's economic recovery.

Market makers assume that the breach of a chart support at 122.70 yen spurred a bit of dollar/yen selling. But the slippage stopped around 122 because there is still a bit of trepidation regarding further BOJ intervention.

The dollar rose as far as 122.85 yen, its strongest since May 25, but had eased back to 122.30/40 by 14:43 GMT. That compares with 121.12/22 late in Europe on Friday. Trading activity was limited and market volumes thin due to the US independence day market holiday.

Sterling marked time against the dollar and euro early in European trading on Monday as euro/dollar — the main source of the pound's volatility lately — remained steady. Sterling remained under pressure against the dollar in general amid speculation of lower British interest rates, but any move lower was expected to be slow. Market makers predict sterling could fall toward \$1.55 in the coming months.

Sterling was at \$1.5777/87 at 0838 GMT against \$1.5780/90 late in Friday's European session and Friday's 23-month low of \$1.5690. Euro/sterling was steady at 64.87/92 pence versus 64.86/88 late on Friday.

Around 0700 GMT exchange rates of major currencies against USD were GBP/USD 1.5731/41, USD/SFR 1.5727/37, USD/JPY 122.03/13, EUR/USD 1.0196/20.

Shipping Intelligence

Chittagong port
Berth position and performance of vessels as of 6.7.99

Berth No	Name of vessels	Cargo	L port call	Local agent	Date of arrival	Leaving
J/1	Alpine	Cl	Yang	SMSL	3/6	7/7
J/2	Ede Weiss	Cl	Cl	Prog	21/6	7/7
J/3	Banglar Kallol	Wheat(G)		BSC	R/A	11/7
J/4	Handy Esperance	Fease(G)SIng	Litmond		30/5	10/7
J/5	Phaethon	Sugar(G)	Durb	Owsl	10/6	12/7
J/6	Cardhu	Cl	Sing	Everett	13/6	8/7
J/7	Vishva Prafulla	Rice(G)	Mong	Oil	24/6	11/7
J/8	Zeynep Kaptanoglu	Wheat(P)	Said	OWSL	3/5	11/7
J/9	Encouragement	Sugar(G)	MazaLitmond		20/6	13/7
J/10	Sun-II	Wheat (P)	Turk Rainbow		3/5	7/7
J/11	Banglar Kakoli (48)	Cl	Mong	BSC	1/7	7/7
J/12	Kota Cahaya	Cont	Sing	PII(BD)	28/6	6/7
J/13	QC Teal	Cont	Sing	GCBSL	3/7	6/7
CCT/1	Banglar Birol	Cont	Sing	BD SHIP	3/7	9/7
CCT/2	Bunga Mas Lima	Cont	P Kel	ESL	2/7	8/7
CCT/3	Dafa	Cont	Sing	ISL	29/6	8/7
RM/14	Humber	Cement	Jaka	Able	7/4	8/7
RM/15	HyoK Sin	Cement		USTC	R/A	11/7
CCJ	Corali	C.Clink	Thai	RML	18/6	9/7
GSJ	Al Bauraq	C.Clink	Puke	PSAL	10/6	15/7
TSP	Tarpon Santiago	R Phos	Sing	USTC	29/6	10/7
RM/3	Secre	CDSO	Col	Rainbow	22/6	7/7
RM/4	Shannon	CDSO		Seacom	30/6	9/7
RM/6	Banglar Doot	Bunker		BSC	R/A	6/7
DOJ	Banglar Jyoti	C Oil		BSC	R/A	9/7
DDJ/1	Tanary PSAL	Idle	Para	PSAL		
DDJ/2	Unity	Idle	Mong	SSST	17/5	8/7
RM/5	Sea World	Repair		CNLR	R/A	25/7
RM/9	Banglar Maya	Repair		BSC	R/A	10/7
CUFLJ	Mary Nour	Cement	Mala	BSL	25/6	8/7
Kafco(U)Hainan No.1	Urea			MBL	30/6	7/7

Vessels due at outer anchorage

Name of vessels	Date of arrival	L port call	Local agent	Cargo	Loading port
Nikie	6/7	Sing	OTBL	Scraping	-
EDMO	6/7	Sing	OTBL		-
Banglar Gourab	14/7	Kara	BSC	GI/Rice	-
Bharatendu (48)28/6	7/7		SSLL	GI(St Coll)	-
Kota Berjaya (Cont) 28/6	7/7	Sing	PII (BD)	Cont	Sing
Bunga Mas Enam (Cont) 29/6	7/7	P Kel	EOSL	Cont	Sing
Tiger River (Cont) 1/7	7/7		Not	Cont	Sing
Ostfriland	7/7	Sant	Litmond	Sugar	-
Flag Investor	7/7			Cement	-
Lokprattima	9/7	Hous	Litmond		-
Teresa Prestige(48)28/6	8/7		Everett	GI	-
Kota Singa (Cont) 28/6	8/7	Sing	PII (BD)	Cont	Sing
Dewan-1	8/7		AML	Rice(P)	-
Jaya Mars(Cont)29/6	10/7	Col	Baridhi	Cont	Col
Ever Cheer(48)28/6	9/7	Sing	RML	GI (St Coll)	-
Ultima (Cont)28/6	9/7	Sing	QCCL	Cont	Sing
Banglar Shikha (Cont)1/7	10/7	Sing	BSC	Cont	Sing
Borobudur	9/7		USTC	Cement	-
Star Glory	10/7		PSAL	Cement	-
Kota Naga (Cont)1/7	10/7	Sing	PII(BD)	Cont	Sing
Revenge	11/7		Sunshine	Salt	-
Jaya Venus (Cont)	11/7	Sing	HSI	Salt	-
Joy World (48) 5/7	11/7		SSLL	GI (St Coll)	-
QC Pintail (Cont)29/6	10/7	Sing	QCCL	Cont	Sing
Karin Cat(48)28/6	12/7		Everett GI	D Cargo	-

Tanker due

Name of vessels	Cargo	L port call	Local agent	Date of arrival	
Jurong Krapu		8/7	Sing	ECSL	LOH
Mekhanik Vraslov		11/7	Juba	ECSL	HSI

Vessels at Kutubdia