

WB chief opines  
Peace to buoy  
Palestinian  
economy

GAZA, July 23: World Bank President James Wolfensohn said yesterday peace between Israel and the Palestinian Authority would help to strengthen the Palestinian economy, reports Reuters.

"Certainly relations with Israel, if they are eased, help very much to establish a stronger economic base," Wolfensohn told reporters after lunching with Palestinian President Yasser Arafat in Gaza.

"To the extent that the atmosphere seems better, it is much easier to bring about economic advances," he said.

Hopes for progress in Middle East peacemaking have heightened since the election of new Israeli Prime Minister Ehud Barak who has said he wants to forge a definitive peace treaty with the Palestinians within 15 months.

In a separate meeting with Wolfensohn, Israeli Finance Minister Abraham Shohat told the World Bank head that he hoped a joint Palestinian-Israeli economic committee set up after previous peace deals would accelerate talks on economic cooperation.

Nabil Shaath, Palestinian minister of planning and international cooperation, said Wolfensohn was weighing whether to grant a further \$90 million in aid to strengthen Palestinian institutions.

"He's not here only to discuss projects, he's here to suggest a complete system to help build Palestinian institutions in preparation for the establishment of a state, meaning to help develop financial, legal and economic systems," Shaath said.

Wolfensohn said the Palestinian Authority would be part of the next round of fundraising but that the amount donated would be "something less" than \$90 million.

On Tuesday, the World Bank approved \$54 million to support three development projects in the West Bank and Gaza in fiscal 1998/99 (July/June).

This includes \$21 million for a water and sanitation project in the southern West Bank.

The bank's lending commitments in those areas in fiscal 1998 totalled \$20 million. Since 1994 it has committed \$267.5 million for 16 development projects in the West Bank and Gaza.

Ugandan exports up 30 per cent per annum

KAMPALA, July 23: Uganda has managed an export growth of about 30 per cent per annum since 1989, a local report said, reports Xinhua.

Robert Butaagi, executive director of Uganda Export Promotion Board, stressed that the growth of the exports is largely due to the government's policy of trade liberalization and macro economic stability.

Uganda has varied the export products in the past few years. Coffee was the dominant export in the early 1990s, taking about 98 per cent of the country's total exports, the director said, adding that this was dangerous for a country to depend on merely one product, which can be adversely affected by the forces of demand and supply.

Coffee now takes no more than 50 per cent of total exports in Uganda and the other half is taken by non-traditional exports including fruits, vegetables, cut flowers, live animals and fish products, Butaagi was quoted as saying.

German inflation shows sign of picking up

FRANKFURT, July 23: German inflation showed signs of picking up today when three key industrial states reported that July price pressures had risen, driven primarily by rising oil prices, says Reuters.

The price of Hesse said its cost of living rose 0.5 per cent in July from the month before for an annual rate of 0.8 per cent.

Baden-Wuerttemberg said its July CPI rose 0.4 per cent month on month and 0.6 per cent year-on-year while Bavaria said its CPI had risen 0.4 per cent month-on-month and 0.7 per cent on the year.

The year-on-year rate is slightly higher than my expectation. The main reason is a significant increase in energy prices in July and we also had some depreciation in the currency," said Eckhard Schulte, economist at IBF International.

Based on the figures, Germany should post a monthly inflation rate of 0.4 per cent for July, said Gerhard Grebe, chief economist at Bank Julius Baer in Frankfurt.

"Oil price increases had the biggest impact, one can also see that prices of packaged goods went up but they also partially include the effect of oil prices," Grebe added.

Uwe Angenendt, economist at BHF Bank in Frankfurt, said the July figures could point to an annual rate of 0.6 per cent for Germany for 1999 as a whole.

The trend was not worrying but was a sign German inflation was now emerging from its trough, Schulte said.

Tariff lowering by 2002 seems unlikely  
ASEAN free trade resolve goes on major test

SINGAPORE, July 23: ASEAN's resolve to speed the creation of a free-trade zone is on test as industries seek protection from cheaper imports in the painful aftermath of the regional financial crisis, reports AFP.

The plan to set up an ASEAN Free Trade Area (AFTA) of 500 million consumers, with a combined gross domestic product of 700 billion dollars, is the centrepiece of the region's quest for closer integration into the new millennium.

But the target of lowering tariffs within the Association of Southeast Asian Nations (ASEAN) to zero-to-five per cent by the start of 2002 seems unlikely to be met as the crisis-hit region struggles to get back on its feet.

The six original signatories to the AFTA Treaty — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand — agreed late last year to advance the creation of AFTA by one year from an original 2003 deadline.

"But to achieve this by the current deadline may not be possible so I proposed... that the ASEAN Secretariat should work out if it is possible to implement the tariff cuts to zero by 2004 or 2005," Thai Commerce Minister Supachai Panitchpakdi said this month.

A Malaysian official added: "Most members, including

Malaysia, may want to request for some flexibility in certain sensitive industries which may need more time (to liberalise)."

Foreign ministers from ASEAN, which also groups Cambodia, Myanmar, Laos and Vietnam, are expected to take stock of progress and problems on the road to AFTA when they meet here Friday.

"The ASEAN ministers realise we are facing challenges," Singapore Foreign Minister Shanmugam Jayakumar told reporters on the eve of the meeting.

He said the "external environment — economic and strategic — is changing," as ASEAN members recovered from financial and economic crisis.

"So in the midst of all these external and internal changes how do we stay on course, how do we deal with the challenges in the next decade," he said, summing up the challenges facing the 10-nation grouping.

"How does ASEAN continue to be cohesive both on the economic cooperation side as well as deal with strategic changes in the future?"

A decade of stunning economic growth ended in 1997 when Thailand's float of the baht currency sparked a regional financial meltdown and plunged the region into its worst recession on record.

ASEAN Secretary-General Rodolfo Severino said Thursday that the region had been "shaken to its core" by the financial upheaval which undermined the "very foundations of the so-called 'Asian miracle'."

He said the crisis had brought home the message that "if individual economies are to thrive or even survive in an increasingly and unavoidably competitive world, they have to coordinate, cooperate and integrate as regions."

But domestic industries are seeking protection from the increased competition that cheaper imports would bring as tariff cuts are speeded up.

Philippine President Joseph Estrada has imposed temporary tariff shields to protect six industries. Manila is also studying whether to give three sectors — automobiles and parts, petrochemicals and home appliances — a one-year extension to meet ASEAN tariff reductions.

"It is okay to agree to a level tariff rate among ASEAN but the business environment in the Philippines is simply not yet equal to the competitive environment in other ASEAN markets," Philippine tariff commissioner Emmanuel Velasco said.

In Hanoi, Asian Development Bank representative Jean-Pierre Verbiest noted Vietnam had responded to the

crisis by erecting temporary import bans on steel, sugar and some fertilisers.

The original six signatories first agreed to set up AFTA by 2008, then advanced it to 2003 before agreeing last year to move it forward. The newer and less developed ASEAN economies were given more time to catch up.

But pressure is building on governments of even the more developed member-states, whose economies have been ravaged by the crisis to go slow in dismantling obstacles to imports.

ASEAN secretary-general Severino conceded that the rapid opening up of ASEAN economies to one another had given rise to "anxiety in a few industrial sectors and enterprises."

They fear injury from massive competition from the products of neighbouring countries," he said. "The bogey of 'cheap imports' is being raised."

But he stressed "regional competition works both ways."

"An enterprise in one ASEAN country is gradually subjected to competition from the products of other ASEAN countries, but at the same time its own products can now more freely compete in the other ASEAN countries," he told the ASEAN Business Forum Thursday.



Singaporean Prime Minister Goh Chok Tong (L) addresses the opening ceremony of the 32nd ASEAN Ministerial Meeting in Singapore. Friday Indonesian Foreign Ministers Ali Alatas (C) and his Laotian counterpart Somsavat Lengsavad look on. Goh told the foreign ministers of the 10-member group that the recent economic crisis had "seriously dented" its reputation and exposed "structural flaws" behind regional economies' explosive growth in the past. —AFP photo

## England's Euro 2000 hopes take another tumble

LONDON, July 23: England's hopes of qualifying for Euro 2000 have taken a severe knock with the news that Tony Adams has undergone surgery on a double hernia, reports AFP.

According to reports here Thursday the 32-year-old Arsenal defender went under the knife on Monday night and will not be able to resume training until late August — with England's crunch game in early September.

His absence is a huge blow for international supremo Kevin Keegan.

The operation means there is no way the centre-back would be match fit for England's crunch qualifiers against Luxembourg on September 4 at Wembley and Poland in Warsaw four days later — games England must win to keep their fading European Championship hopes alive.

Adams pulled out of Arsenal's pre-season tour to France but despite the rest specialists insisted the groin problem would not go away and decided to operate.

## Chinese banker gets 9 years in jail for illegal loans

BEIJING, July 23: A bank official who illegally issued loans in east China's Nanjing city has been sentenced to nine years' jail, state media reported, reports AFP.

Yang Wenxia, a former director at the Sanyuan branch of Nanjing City Cooperative Bank was found guilty of illegally issuing credit lines, reported the July 22 issue of Yangcheng Wanbao received in Beijing today.

The amount of loans extended to the three heavily indebted companies totalled 13.5 million yuan (1.63 million US dollars), it said.

The illegal loans caused the bank a loss of 13.3 million yuan (1.6 million US dollars) in both principal and interest owed, said the report.

Yang was arrested last October and the Nanjing City Procuratorate charged her under China's new criminal law in June, it added.



Eric Bishop (2nd from right) speaks at the Credit Agricole Indosuez International Trade Seminar held recently at a city hotel. Francis Dubus, Country Manager for Credit Agricole Indosuez, is also seen on his right. —Credit Agricole photo

## Moore to make trade issues easy for developing world

WELLINGTON, July 23: New WTO chief Mike Moore said today that extra effort is to be put into improving the organisation so that developing countries can have a greater role, reports AFP.

Moore was officially named director-general of the World Trade Organisation Thursday after a nine-month tussle ended in an compromise deal with his rival, Thailand's deputy premier Supachai Panitchpakdi.

Supachai will follow Moore as head of the WTO and each will have a three-year term.

In an often acrimonious battle, Moore was backed by the United States and many European countries while Supachai was strongly backed in Asia and had been seen as the advocate of the developing world.

But Moore's first comments after winning the post focused on the role of lesser-developed nations in the organisation.

He said in a statement that many developing countries could not afford the cost of representation at WTO headquarters in Geneva, let alone digest the thousands of pages of material involved.

During the long selection process he had spoken to many trade ministers, he said. "This has given me a good understanding of the difficulties those countries are facing and areas where improvements can be made, and I look forward to working closely with them to ensure that the benefits of trade rules and liberalisation can be enjoyed by all."

The WTO must work closer with the International Monetary Fund, the World Bank and the United Nations Conference on Trade and Development, he said.

Moore said his first priority would be preparing for the ministerial meeting in Seattle in November.

"This meeting will launch a new round of multilateral trade negotiations, the full scope of which has yet to be agreed. It's time to roll up our sleeves and focus on the issues that are important to all the WTO's members," he said.

Prime Minister Jenny Shipley, who is in Japan, said Moore's appointment was an honour for him.

## Weekly Currency Roundup

July 18-July 22, 1999

## Local Market

Last week on Sunday (July 18th), Bangladesh Bank devalued taka by BDT one (2.1 per cent). The new buying and selling rates of taka is BDT 49.35 and BDT 49.65 respectively. In the early parts of the week, importers sought to size up the market and took a little time to adjust to the new selling and buying rates.

The demand for dollar was a little moderate throughout the week. This sluggishness was the result of the ample supply of dollar in the market and lower imports. Trading was dull and dollar traded in a narrow range.

In the interbank market last week, Dollar traded in a range of BDT 49.6350 to BDT 49.6500. Cash US dollar traded in a higher range of BDT 51.00 and BDT 51.40 during the week.

The call money market was quiet throughout the week except for Monday when call rate escalated to a little due to auction of Treasury Bills worth of BDT 5.83 billion. In general, there was considerable liquidity in the market during the week and the call money traded in a narrow range. Throughout the week the call rate fluctuated between 5.25 to 7.0 per cent.

## International Market

In the earlier part of the week, yen remained near its highs against euro and dollar as the market tested the Bank of Japan's resolve to prevent it from rising too much in order to ensure Japan's economic recovery. In the middle of the week, dollar struggled just above multi-week lows against euro and yen, consolidating after a sharp fall against these currencies.

Euro also registered significant gain against dollar after the unexpectedly strong German confidence data confirmed a shift in market sentiments. On Thursday, dollar fell to a five-month low against yen and euro also rose to a two-month high against dollar, as this week's sharp sell-off activities accelerated when US asset market came under pressure. — Standard Chartered Bank

## Rules on US sales to Iran, Libya likely this week

WASHINGTON, July 23: The United States plans to issue long-awaited rules this week that will allow for the sale of food, medicine and medical equipment to Iran, Sudan and Libya on a case-by-case basis, a Clinton administration aide said yesterday, reports Reuters.

But some farm sectors that had been hoping to participate in the sales will not be allowed. "We came down that food will be consumable items, although we're allowing for animal feed as well" the aide said. The definition prevents sales of US cotton and tobacco to the three countries.

On April 28, the Clinton administration announced a change in US policy to exempt food, medicine and medical equipment sales from economic sanctions. Since then, an inter-

agency task force has been working to write new regulations.

The Clinton administration has decided on a "pretty straightforward, narrow definition" for medicine and medical equipment as well for food, said the official, who spoke on condition of anonymity.

"Some people would argue that should include trucks and ambulances and things like that. In these fringe areas, I think we'll just have to go on a case-by-case basis," the aide said.

US grain exporters have feared that the new rules would not provide enough flexibility to do business. They have asked the Clinton administration to pre-approve sales, rather than insist on reviewing a negotiated contract.

## Investors stay away from Cambodia

PHNOM PENH, July 23: Approved investment in Cambodia in the first half of the year fell to \$163.7 million from \$481.9 million in the same period last year, partly due to US quotas on garments, an investment official said today, reports Reuters.

The ongoing regional economic crisis also meant investors from Cambodia's neighbours were staying away, said Suon Sithy, secretary general of the state Council for the Development of Cambodia (CDC) investment promotion agency.

"Investment is down because the US put garment quotas on us. This has hurt the garment factories," Suon Sithy told the agency.

The United States imposed quotas on 12 categories of Cambodian garments in January. Even so, more than half of all projects approved by the CDC in the first six months of this year were in the garment sector.

A total of 49 projects were approved in the first half of the year. 26 of them in the garment sector. In the first six months of last year, 75 projects were approved, 40 of them in the garment sector.

Suon Sithy said another reason for the lower first-half investment figure was that the CDC was not including in its data projects which were not being implemented.

"Usually we have a high investment figure but that is not implemented projects," he said.

"For the first half of the year the level of approved projects is low, capital investment is smaller, but it is a real figure," he said.

The regional economic slowdown also meant that investors from Cambodia's neighbours were staying away, he said.

"Because the Asian economic crisis is not yet over those investors have not yet come back to Cambodia."

Approved investment reached \$854 million last year, a 12.5 per cent increase over the previous year but Suon Sithy said the total would be lower for 1999.

Taiwan was the biggest foreign investor in the first six months of this year with approved projects worth \$31.8 million, according to CDC data.

## Low inflation, better industrial data prove boon to euro zone

BRUSSELS, July 23: French and Belgian industrial data provided further signs of a recovery in the euro zone economy yesterday, while European statistics agency Eurostat said inflation remained low, reports Reuters.

But an unexpected drop in French consumer spending and weak Italian retail sales and industry data led some analysts to warn that hopes of stronger growth, which have fueled this week's rise in the euro against the dollar, may have been overdone.

Eurostat said inflation in the 11-nation euro zone was 0.9 per cent in June, down from 1.0 per cent in May and 1.4 per cent in June 1998. Excluding volatile energy, food, alcohol and tobacco components, inflation was unchanged at 1.0 per cent.

Declines in food, alcohol and tobacco prices offset a strong gain in energy costs, while other factors were broadly stable.

The data confirmed a picture painted by the Eurostat Central Bank in its July bulletin of downward price competition in food and services outweighing any rise in energy costs in the "immediate future," although July inflation data released late in the day by Italy's main cities was higher than expected.

The National Bank of Belgium said its leading indicator rose to -4.3 per cent in June from -5.7 per cent in May, with sentiment rising in all main sectors of the economy following a food poisoning scare last month.

The closely watched index, whose uncanny correlation with moves in euro zone gross domestic product (GDP) has made it a hit among analysts, is now approaching levels last reached in early 1998, before the onset of the Russian financial crisis.

It confirms what is happening in Germany," BBL economist Peter Vanden Houte said, referring to a rise in Germany's key Ifo leading indicator reported earlier in the week.

"I think this will be taken by the market as another sign that the Euroland economy is recovering," Salomon Smith Barney Citibank economist Jean-Francois Mercier said.

Earlier, French national statistics agency INSEE said industrial production rose 0.6 per cent in May after a drop of 0.7 per cent in April.

Both the French and Belgian data showed gains for producers of semi-finished goods, another pointer to better times to come because of the role they play in the early stages of an upturn, analysts said.

But soft consumer spending and retail sales figures reported by national agencies in France and Italy indicated the area's nascent recovery may not be assured.

Italy's ISTAT reported retail sales rose 1.2 per cent in May, their lowest increase since January 1997 and France's national statistics agency INSEE reported consumer spending up to now the driver of the

economy — fell 1.6 per cent in June.

Italian industry lobby Confindustria forecast also that July industrial production, while 1.6 per cent higher than in June, was down 1.2 per cent on year earlier levels, with many sectors still struggling.

"(Growth) is certainly improving, a little bit but the overall picture remains of a quite weakish recovery," ABN AMRO analyst Philippe Brossard in Paris told Reuters Television.

"The logic is still for a weaker euro. I think a level of one-to-one (against the dollar) is much more appropriate for current circumstances than for example \$1.10."

Others however took a different view.

Catherine Le of Greenwich Nat West said the drop in consumer indicators was a lagged reaction to the weakness in industrial confidence at the start of the year. Now, as the Ifo and NBB surveys underlined, business optimism was rising fast.

## ROK unemployment seen easing by year-end

SEOUL, July 23: South Korea's jobless rate will decline to 5 per cent by the end of this year as the economy recovers from its worst recession in years, Labour Minister Lee Sang-ryong said Friday, reports AP.

Lee made the prediction as his ministry announced that with 1.36 million people out of work, unemployment dropped to 6.2 per cent in June, from 6.4 per cent in May and 7 per cent a year earlier.

"Economic recovery was the first and major factor," Lee said in a telephone interview. "Since we believe the economic recovery is sustainable we will see jobless rates dropping further to between 4 and 5 per cent by mid-2000."

After shrinking 5.8 per cent last year, the South Korean economy grew 4.6 per cent in the first quarter and an estimated 7 per cent in the second quarter.

On Thursday, the Organisation for Economic Cooperation and Development predicted the South Korean economy would grow 6.5 per cent this year. Some South Korean government think-tanks see the economy growing as much as 7.5 per cent.

**Bangladesh Power Development Board**  
কাঠের বিকল্প ব্যবহার করে দেশের বনজ সম্পদ বাঁচান

**Invitation for International Bids**

- Sealed tenders are hereby invited by the Bangladesh Power Development Board for the Procurement of AAC and all associated fitting for Siddhirganj-Haripur 132 KV River Crossing (CKT 1&2).
- A complete set of bidding document may be purchased by eligible bidder on submission of a written application to the undersigned on payment of non-refundable fees amounting Tk 1,000.00 in the form of Bank Draft/Pay order in favour of the Director, Purchase, BPDB.
- Bidding Document will be available for sale from 26-7-99 in the office of the undersigned during office hours. No bidding document will be sold on the date of opening nor it will be sent by post.
- The successful bidder shall complete the supply works within 120 (one hundred twenty) days from the effective date of the contract.
- Each bid must be accompanied by a bid security of minimum 2% (two per cent) of total bid amount. Otherwise the bid will not be accepted.
- Bids will be received up to BST 11:00 AM on 7-9-99 and will be opened at BST 11:15 AM on the same date in the presence of bidder's representative who choose to attend on the date mentioned above at the office of the Director, Purchase, BPDB, WAPDA Building (9th floor), Motijheel Commercial Area, Dhaka-1000.
- Bids submitted beyond schedule time will neither be received nor it will be accepted.
- Bids sent by telex, fax, courier or mail will not be accepted.

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Director, Purchase  
Bangladesh Power Development Board