

## ROK takes steel row with US to WTO

SEOUL, July 30: South Korea filed a complaint with the World Trade Organisation on Friday, accusing the United States of slapping unfair anti-dumping penalties on its stainless steel products, says AP.

Both countries must try to settle their dispute within 60 days of the filing, or face a WTO panel ruling on the case, said Seoul's Foreign Affairs and Trade Ministry.

The US Commerce Department decided in May and June to impose tariffs of 12.12 per cent to 16.26 per cent on stainless steel products imported from South Korea.

It accused South Korea of illegally lowering prices to expand market share in the United States.

South Korea denied it and said the US government distorted its calculations to produce higher anti-dumping duties.

## Car sales double in Malaysia

KUALA LUMPUR, July 30: Sales of passenger cars in Malaysia doubled in the first six months of the year compared to the same period last year, producers said Friday, reports AP.

Passenger car sales rose by 107 per cent to 106,840 units, the Malaysian Motor Traders Association said. Between January and June last year, when the economy started sinking into recession, only 51,065 cars were sold, Bernama news agency said, quoting the Association.

Forecasts for total vehicle sales for the entire year stood at 260,000. Last year 163,151 units were sold, it said.

Vehicles sales are often used as a barometer of economic health. Malaysia's economy shrank by nearly 7.5 per cent last year but is quickly recovering with 1 per cent growth projected for 1999.

Most of the cars being sold were still the cheaper ones produced by the national car-maker, Proton, and few people were buying more expensive imported cars.

## Many Filipinos may lose jobs in S Arabia

MANILA, July 30: Many of the 650,000 Filipino workers in Saudi Arabia stand to lose their jobs due to several factors affecting the labour situation there, officials said, reports AFP.

In a report to labour secretary Bienvenido Laguesma, Philippine labour attaché to Saudi Arabia Abraham Mali warned that Manila should speed up development of programmes that would integrate these workers into the local economy once they are terminated.

Mali said Saudi Arabia's interior ministry has ruled a mandatory termination of contracts for expatriate workers who have worked in the country for more than 10 years. The Saudi government has also been diversifying the ranks of its expatriate laborers and has shifted from hiring workers from traditional sources like the Philippines to non-traditional ones.

A scheme that gives incentives to Saudi firms in exchange for hiring locals as well as the stiffening of its economy due to the volatility of world crude prices are also seen as factors that could displace Filipino workers, he said.

## US hypocritical on lamb import curbs: Howard

PERTH, July 30: The United States was putting its own interests ahead of global free trade by restricting lamb imports, Australian Prime Minister John Howard said Friday, reports AP.

Howard said he was angry that 28 workers had been laid off from an abattoir in New South Wales state, losses that the company blamed on new US tariffs imposed on lamb.

"The whole situation makes me very angry, the United States is selfish and short-sighted and they have behaved with hypocrisy on this," Howard said.

"They preach free trade but practice protection against some efficient Australian producers, who get no government subsidies and who created a market out of nothing."

The US tariffs, which took effect last week, are intended to protect American lamb producers threatened by imports from New Zealand and Australia, which between them account for 95 per cent of the lamb imported into the United States.

American producers had complained that current tariffs of less than 1 per cent were too low to protect them from foreign competitors flooding the US market with exports.

Australasian producers say their US counterparts are inefficient and uncompetitive and complain that the tariffs are unfair.

"The problem with American lamb is that it is not a good product," Howard said. "It's not that our people are competing unfairly, it's just that the American product is no good and that's why American consumers don't buy it."

# Delhi may be asked to explain \$25m loan to Baghdad Iraq-India trade deal may violate UN sanctions: US

UNITED NATIONS, July 30: The United States intends to ask India to explain a 25 million dollars loan to Iraq to buy 1,000 Indian buses, an apparent violation of nine-year old UN trade sanctions against Baghdad, says Reuters.

If true, it is highly unusual and we are seeking clarification in New Delhi," chief US representative Peter Burleigh said on Thursday.

India's oil and gas minister, VK Ramamurthy, signed the credit agreement with his Iraqi counterpart, Lt Gen Amir Muhammad Rasheed, in Baghdad earlier on Thursday. Iraq would start repaying the loan after two years.

Baghdad is permitted to sell oil in exchange for the purchase

of food, medicine and other goods under a UN oil-for-food programme. The oil revenues go into a special trust fund and the United Nations then pays the suppliers.

Many of the goods are approved first by the Security Council's sanctions committee. But the Indian loan would be a blatant violation of sanctions if New Delhi went ahead without seeking the committee's approval for the deal.

"The extension of any loan to Iraq is a violation of sanctions," said one Western member of the committee.

Iraq has been under stringent sanctions since its troops invaded Kuwait in August 1990. The oil-for-food programme is

an exception to the embargoes. "We expect India to go to the sanctions committee. If it does not the committee will have to take it up," British ambassador Sir Jeremy Greenstock said.

Netherlands diplomat Harry Verweij, whose country is chairman of the committee, said no meeting had been scheduled on issue "but I am sure it will not take long before we do that."

He said India apparently was aware that the credit would contravene council resolutions but decided Iraq needed help after so many years under sanctions.

Agreements between Iraq and India negotiated by Ramamurthy also included agricultural products and elec-

tricity projects to be paid for under the UN oil-for-food programme.

Ramamurthy said trade with Iraq had increased under the UN programme but "still consists of no more than one to two per cent of Iraqi imports."

Ramamurthy, who came to Baghdad with a 40-member delegation, said on Wednesday, he was seeking a deal to develop two oil fields in southern Iraq, including the Tuba oil field with estimated reserves of some 3 billion barrels.

Russian, Chinese and companies from other nations have signed oil field development contracts with Iraq but have not implemented them to avoid breaking the sanctions.

## Japan sets up crisis management body

# Experts warn of sabotage threats from Y2K healers

WASHINGTON, July 30: Some programmes hired to fix year 2000 problems might be quietly installing malicious software codes to sabotage companies or gain access to sensitive information after the new year, two top government computer security experts warned, says AP.

Michael Vatis, director of the FBI's National Infrastructure Protection Center, said Thursday that experts hired by US companies to fix their computers can secretly install "trap doors" — ways to let them gain access later — or add malicious codes, such as a logic bomb or time-delayed virus that could disrupt systems.

"While systems have been and will continue to be extensively tested, the probability of finding malicious code is extremely small," agreed Richard Schaeffer, director of the Defense Department's Infrastructure and Information Assurance Programme.

Neither expert suggested the possible source of the problem. They raised the alarms at hearing Thursday on the Y2K glitch and cyber-terrorism before the Senate Committee on the Year 2000 Technology Problem.

Many of these (rogue programmers) have no security clearance, do not work for the government, and yet they have

access to critical systems that if sabotaged could wreak havoc to our financial institutions and our economy," said Sen. Christopher Dodd.

John Koskiner, Chairman of the President's Council on Year 2000 Conversion, said security breaches may be difficult to recognize because it's unlikely they'll be triggered on New Year's Day, when systems, will face heavy scrutiny. Problems, if any, probably will appear weeks or months later.

"If you have violent intent, the last time in the world you want to set it to go off is January 1 or 2," he said.

A recent report from the Gartner Group, a consulting

company predicted electronic thefts worth at least \$1 billion, noting that the computer networks of financial institutions, corporations and governments handle transactions worth \$11 trillion annually.

"With so many people involved and all the code being looked at, it's such an unprecedented risk if we don't have good audit procedures," said Bob Mack, a Gartner analyst.

A New York bank that hired contractors in India to repair its software discovered in 1996 that one of the programmers had added code to transfer money to his own account, said Allen Burgess of Data Integrity Inc., a Y2K consultant later hired by the same bank. Burgess declined to identify the bank.

Schaeffer said problems are complicated by the New Year's rollover, when some computers programme to recognise only the last two digits of a year may mistake 2000 for a full century earlier.

Both experts said the risks were exacerbated by the amount of software repaired by companies overseas. Vatis called the situation "a unique opportunity for foreign countries and companies to access, steal from or disrupt sensitive national and proprietary information systems."

Another report from Tokyo says: The Japanese government on Friday set up a crisis management commission within the Cabinet to strengthen its campaign to tackle the year 2000 computer bug problem.

The commission, headed by Deputy Chief Cabinet Secretary Teijiro Furukawa, will bolster the crisis management system already set up to handle the so-called Y2K problem, the Prime Minister's Office said.

It will also keep the public updated with information posted on the Internet about the government's efforts on the Y2K problem.

The millennium bug has emerged because many computers are programmed to recognise only the last two digits of a year. Many worry computers around the world could fail on Jan. 1, 2000, because machines might assume it is 1900.



The 13th AGM of Eastern Insurance Co Ltd was held at Sonargaon Hotel on Wednesday. Picture shows (from left to right) Directors Golam Rabbani, Salma Mahbub, Zakia Rahman, Matur Rahman, SD Alam, Company Secretary AZ Faiz Ahmed, MD (CC) AKM Iftekhar Ahmad, Chairman M Haider Chowdhury, Chief Advisor ER Khan, Directors Mukhlesur Rahman, Khaled S Ahmed, M Ahsan, Azmal Hossain and AKM Mohiuddin at the AGM.

— Eastern Ins photo

## Weekly Currency Roundup

July 25-July 29, 1999

### Local Market

Last week, the activity in the local foreign exchange market was sluggish and the demand for dollar was slightly moderate. There was ample dollar supply in the market due inward remittances from overseas Bangladeshis. The dollar demand was also down due to lower imports.

In the interbank market, last week dollar traded in a narrow range of BDT 49.64 to BDT 49.65. 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 the call rate escalated a little due to Treasury Bill auction.

In general, there was ample liquidity in the market during the week. The call money traded in a narrow range during most of the time of the week. Throughout the week, the call rate fluctuated between 5.25 to 6.5 per cent.

### International Market

In the international markets, dollar remained vulnerable against most of the major currencies and was at its five-month low against yen. Euro was the star of the week, registering massive gains against dollar.

The market players opined that euro is likely to consolidate its gains in the near term. The other European currencies, basked in the glory of euro. Sterling and Swiss franc also became robust against dollar.

On Thursday, a strong business outlook caused a flurry of euro activity, which again showed strength along with other European currencies. Yen also became stronger against the greenback after a rise in Japan's industrial output data and Nikkei.

— Standard Chartered Bank

## Key industries, stock market hit hard Taiwan hit by worst blackout in decades

TAIPEI, July 30: Taiwan suffered its worst electrical outage in decades yesterday, as island-wide blackout that pounded key industries, but authorities quickly ruled out any link to a tense sovereignty dispute with China, reports Reuters.

After several hours, some lights in parts of the island of 22 million were flickering back to life, but much of the usually neon-bathed capital Taipei remained cloaked in darkness in the early hours of Friday.

The cause of the blackout was under investigation, but the armed forces swiftly ruled out foul play involving China, noting that all military command and communication systems were operating normally and relaying on independent power supplies.

"All of our military systems are normal. There is no cause for alarm," top military spokesman Kong Fan-ting told Reuters by telephone from his home.

The island's three nuclear power stations were shut down along with other conventionally powered plants, a normal procedure when the island-wide power grid is incapacitated, officials of state utility Taiwan Power Co said.

Premier Vincent Siew, making an emergency visit to Taipei headquarters, said the operators hoped to restore most power sometime during Friday, but declined to say whether workers would be asked to stay home.

"People should remain calm and be extremely careful, stay at home, listen to official radio and avoid using the telephone, as lines are very busy with emergency calls," said Siew, who was briefly trapped in a Taipei elevator that lost power.

Siew said Finance Minister Paul Chiu would determine closer to dawn whether the stock market — already battered by two weeks of political tensions with China — would open for trading.

Taipei Mayor Ma Ying-jeou said authorities would announce by 5 am (2100 GMT Thursday) whether the official work day would be cancelled.

Industries across the island scrambled to limit production losses, but the damage was expected to be extensive — especially in Taiwan's prodigious semiconductor and electronics sectors, which have been running round-the-clock at full capacity.

## Russia-Paris Club debt deal likely today

PARIS, July 30: Russia began crucial debt restructuring talks with the Paris Club of creditor nations Thursday afternoon, with both sides expecting a deal on Saturday to reschedule payments due to official lenders in 1999 and 2000, says Reuters.

The start of talks followed Wednesday's approval by the International Monetary Fund of a new \$4.5 billion loan to Russian, which saved it from an embarrassing debt default.

The talks with the Paris Club were to be followed on August 3 by negotiations with the London Club of commercial bank lenders as Russia moved

toward relieving its heavy load of debt service payments, totalling \$17.5 billion this year alone.

Russian Finance Minister Mikhail Kasaynov said the first few hours of negotiations on Thursday had been devoted to presentations and it was too soon to characterise the tone of the talks.

In this round of talks, Russia and the Paris Club were discussing rescheduling about \$9 billion of Soviet-era principal and interest due in 1999 and 2000, the period covered by the latest IMF economic reform programme.

## Higher labour costs signal inflation threat, rate hike US economic growth flags

WASHINGTON, July 30: US economic growth flagged in the second quarter, slowing to 2.3 per cent from 4.3 in the first, but a surge in labour costs signalled the threat of inflation and the likelihood of higher interest rates, reports AP.

The Commerce Department reported yesterday that US gross domestic product (GDP) expanded much more slowly than the 3.5 per cent rate expected on Wall Street was quickly overshadowed by an announcement on employment costs.

The Labour Department said meanwhile its index measuring wages and other forms of compensation jumped a stronger than expected 1.1 per cent in the first quarter, compared with a gain of 0.4 per cent in the first.

The quarterly rise was the largest since a 1.2 per cent increase in second quarter 1991.

The index is known to be closely watched by Federal Reserve Chairman Alan Greenspan as an indicator of wage-driven inflation and, according to several analysts, could induce Fed policymakers

to raise interest rates to combat higher consumer prices.

Greenspan in comments over the past week has made it clear the Fed is poised to tighten credit at the first sign of inflationary pressure.

Stocks and bonds both tumbled on the news in early trading, fearing a jump in inflation and interest rates that could erode the value of those investments.

Analysts said the weaker-than-expected GDP figure in no way heralded a long-term slow-

down in US economic momentum and in fact harbored signs of increased activity in the near-term.

The headline figure underestimates the strength of the economy, especially if you look at it on a year-on-year basis, when GDP was up 4.1 per cent, said economist Leon Gould of Wright Investors' Service in Connecticut.

"And if you start digging into the numbers you see that inventories have to be restocked and that imports are strong,"

# Changes in major economies hit US dollar

LONDON, July 30: The dollar was besieged in Europe yesterday as increasingly positive European and Japanese economic data contrasted with disappointing US growth and inflation numbers, says Reuters.

Closely watched US data for the second quarter showed slower growth and creeping price pressures, a combination analysts said was the worst of both worlds for the dollar.

"All the market seem to be in the grip of the dollar bear trend at the moment, although they're probably a little cautious about assuming that this will necessarily persist," said Steve Barrow, currency strategist at Bear Stearns in London.

The dollar was trading at

115.07/17 by 1503 GMT after dipping as low as 114.92 yen, its lowest since February 15 and below a key psychological barrier at 115 yen.

Euro/dollar also rose to a two-month high of \$1.0740 after tussling with the \$1.07 level during the day.

Some traders said the dollar was holding up relatively well considering the extent of the negative news.

US gross domestic product growth for the second quarter came in at 2.3 per cent, about half the first quarter's 4.3 per cent pace and well below economist's forecast of 3.3 per cent.

The US employment cost index jumped by 1.1 per cent in

the second quarter against a 0.4 per cent gain in the first quarter and a forecast rise of 0.8 per cent.

The one-two punch came on the heels of Japan's stronger than expected June industrial production, up 3.0 per cent against forecasts of a 1.7 per cent gain, and a number of bullish European data.

Dutch consumer confidence rose to 13 points in July from 10 in June, while France's personal business outlook index rose to 16 in July from 13 in June and general business outlook leapt to 13 from minus 10 in June.

"The euro is looking okay," said Peter Stoneham, senior currency analyst at Thomson

global markets in London. "But I think the market is cautious about taking it too high to fast."

Still, analysts said while the euro and the yen looked somewhat topish, the dollar's bounce has not been impressive either, suggesting that a steady trend supported by shifting fundamental factors could be in place.

Stoneham noted that dollar/yen quickly lost steam after briefly rallying late on a report in Japan's Nikkei news service that US Federal Reserve governor Edward Kelley was worried about the recent volatility in the forex market.

"That provided all of 30 pips (0.30 yen) of bounce in dollar/yen and it's gone straight

back down again," he noted. "It suggests there is still good supply of dollar selling."

He predicted the dollar could head toward 114.50 yen in the absence of BOJ intervention.

A Japanese bank trader in London said he did not expect BOJ intervention to be as aggressive as last month, given the dollar's broad downward trend.

There is too high a risk of getting egg on their face by intervening at the moment, given the current trends in the market at the moment," he said. Sterling led the European currencies' broad gains against the dollar, last trading at \$1.6137/47 after rising to a six-week high of \$1.6153 from \$1.5922/25 late in Europe on

Wednesday.

An upward revision in UK first-quarter GDP, to a 0.1 per cent rise quarter-on-quarter from a preliminary figure of unchanged, boosted expectations of strong second-quarter growth data due out on Friday.

Dollar/Swiss franc fell to a two-month low of 1.4870 francs before recovering slightly late. It was last trading at 1.4906/16 against 1.5026/40 late on Wednesday.

Another report from New York says: The dollar sank broadly yesterday, torpedoed by losses on Wall Street after a report of surging US labour costs sparked fears the Federal Reserve may soon hike interest rates again to battle inflation.

## Eastern Insurance declares 20pc dividend

Star Business Report  
Eastern Insurance Company Limited has declared a 20 per cent dividend for its shareholders for the year 1998.

This was announced at the 13th annual general meeting of the company held at a city hotel on Wednesday, says a press release.

Chairman of the Company M Haider Chowdhury, presided over the meeting which was attended by a large number of shareholders.

The company earned a total premium of Tk 16.42 crore and pre-tax profit of Tk 2.10 crore during the year 1998. Total assets of the company at the end of the year was Tk 31.70 crore.

In his report, the chairman of the company explained the adverse situation under which company conducted its business. He apprehended further fall in business owing to emergence of 19 new general insurance companies resulting decline in profit.

In the vacant posts of directors from sponsor-shareholders group, Md Mubsin Motiur Rahman, M Ahsan, M Haider Chowdhury and Raisuddin were elected unopposed.

Razia Sultana and Salma Mahbub were elected uncontested in the two vacant positions of directors from the public shareholders group.

Directors Mukhlesur Rahman, S D Alam, Matur Rahman, Faiz Ahmed, Khaled S Ahmed, Golam Rabbani, A K M Mohiuddin, Raisuddin, M Ahsan, Azmal Hossain, S A Humayun Ahmed, Zakia Rahman, Salma Mahbub were present at the meeting.

E R Khan, Chief Advisor and A K M Iftekhar Ahmad, Managing Director (current charge) also attended the meeting.

## WB to lend Russia \$1.2b for reforms

MOSCOW, July 30: The World Bank's board of directors decided Thursday to grant a loan of 1.2 billion dollars to Russia for restructuring of its economy, ITAR-Tass reported in a despatch from Washington, says AFP.

The loan will be disbursed in two tranches of 600 million dollars followed by one of 400 millions and one of 600 millions.

An accord in principle was reached on July 19 between Russia and the World Bank.

The granting of the loan was decided on first last summer but the funds were then frozen when the Russian banking system crumbled in August.

The International Monetary Fund on Wednesday granted Russia a new stand-by credit of 4.5 billion dollars (4.238 billion euros) over 17 months in exchange for a strict economic programme including higher tax revenue, reductions in expenditure and structural reforms over the period 1999-2000.

## Lanka to produce fertiliser from garbage

COLOMBO, July 30: The four local municipal councils in Sri Lanka's Colombo District plan to produce compost fertiliser using bulk loads of garbage. It is a bid to stop garbage dumping activities, local officials said today, reports Xinhua.

Under the proposed project, four compost manufacturing plants will be set up in the district, with technological support from India and financial support from the World Bank, the officials said.

Mayors of the four municipal councils are presently touring India to learn about the Indian garbage disposal system.

The project, with a total expenditure of around 80 million US dollars, will solicit the latest technology and other needy machinery from a pioneer compost manufacturer in India while seeking a soft loan facility from the World Bank.

The compost fertilizer is to be sold to the farmers at cheap prices.

At present nearly 1,400 metric tons of garbage is collected per day in the four municipal councils to be dumped in selected sites, which has provoked the opposition of environmentalists.