

PDB chairman says

Khulna to have 40MW power sub-station

KHULNA, Sept 11: Chairman of Bangladesh Power Development Board Quamrul Islam Siddiqui Friday said that a 40-megawatt power sub-station would be installed at the old power house sub-station at Sher-e-Bangla Road here at a cost of Tk 12 crore to meet the demand of Khulna city, says BSS.

Quamrul Islam Siddiqui was speaking to local journalists who, led by President of Khulna Press Club Humayun Kabir Balu, called on him last evening at the Gopalpara Power House at Khalishpur.

The PDB chairman said that the production of power had increased during the last three months and PDB had been generating 2,500 to 2,700 mw of power in the country, which was about 2,100 mw three months before.

He also said that about 275 to 300 MW of power was now being generated in Khulna. Bheramara and Barisal power stations while the demand in this zone is about 400 MW. The deficit is now being met with supply from the national grid, he added.

He said the system loss of power is now about 55 per cent and added that proper and effective steps, including administrative measures, were underway to bring down the percentage of system loss of power.

He also said that the 60 MW Gopalpara Power Station was closed down for about ten years which has now been commissioned after repair along with the 120 MW power plant by a Chinese company.

Crisis dampens Asian food market

AUCKLAND, Sept 11: The Asia-Pacific food market is still feeling the impact of the financial crisis which has hurt family incomes and forced up food prices, according to a report released here today, reports AFP.

The Pacific Economic Co-operation Council, a think tank, said overall food consumption had declined in worst-hit economies of South-east Asia, South Korea and Russia, and some urban poor had returned to the countryside to survive.

The report was released on the eve of the Asia-Pacific Economic Co-operation (APEC) forum summit, which brings together 21 economies.

The bow wave of the economic crisis continues to spread across Asia's rural areas, said Carol Brookings, chairwoman of the council's food and agricultural forum which prepared the report.

"Governments are only beginning to appreciate the impact of economic crisis on the food system and particularly the infrastructure that supports it."

"Rural populations account for 60 per cent of the total populations in the most financially distressed economies so the problem is urgent," Brookings added in a statement.

The report said one of the most troubling impacts of the financial crisis was the scaling back of private and public investments in infrastructure, essential to making the region's food market more efficient and to sustain economic growth.

Combined public and private sector investment in physical infrastructure before the crisis in developing Asia exceeded five per cent of gross domestic product, or about 80 billion dollars a year.

US endorses IMF plan to revalue gold

WASHINGTON, Sept 11: The United States yesterday endorsed the International Monetary Fund's plan to revalue its gold to fund debt relief, adding to a positive reception from US lawmakers and virtually assuring the plan will succeed, reports Reuters.

The plan, which replaces an earlier contentious plan to sell IMF gold on the open-market, was welcomed by US Treasury Secretary Lawrence Summers.

"The IMF has laid out an approach that will make it possible to mobilise the IMF gold reserves without gold sales," Summers told reporters after a news briefing, "I believe that is a constructive approach."

The plan, which will see the IMF revalue part of its massive gold reserve to unlock \$2.1 billion in profits to fund debt relief for impoverished nations, requires and 85 per cent majority vote at the IMF's board next week.

The board rarely votes against the wishes of its largest shareholder, the United States, meaning the plan should be approved when the fund's board discusses it for the last time next week.

Thomas Dawson, the IMF's external affairs director, said he expects the board finally to resolve the matter next week.

"There is every expectation it will be concluded before the end of next week," Dawson said, adding that the board had yet to set a firm date for next week's discussion.

Under the new plan, revealed through IMF documents obtained by Reuters this week, the IMF would sell its gold at market prices to countries which had payments coming due for past loans. Those countries would then pay their IMF obligations in gold.

Clinton, Jiang try to forge US-China thaw at APEC

AUCKLAND, Sept 11: US President Bill Clinton and Chinese President Jiang Zemin met for the first time in more than a year Saturday, says AP.

Clinton said he is "eager to get on with" repairing troubled relations and achieving a trade deal with Beijing.

Clinton stressed that US policy toward Taiwan, a sore spot with China, "has not and will not change." He said the United States will maintain "a one-China policy," which does not recognise Taiwan as an independent nation.

For his part, Jiang said China's policy toward Taiwan "is one of peaceful unification." But he did not rule out using force against Taiwan if there were any outside interference in their dispute, or if Taiwan asserts independence.

"We would not undertake to renounce the use of force," the Chinese leader said.

When asked by reporters whether US-Chinese relations

were on the mend, Clinton said he did not want to speak for Jiang, but "from our point of view I'm eager to get on with it, and have this meeting."

Asked if he thought the United States could conclude an agreement for China's admission into the World Trade Organization, Clinton said "I certainly hope so."

While saying that US policy toward Taiwan had not changed, the president emphasized that "we favour a peaceful approach to working out the differences. We favour a cross-strait dialogue."

"Our policy has not changed and it will not change," the president said.

Clinton and Jiang held their face-to-face talks — their first since June 1998 — on the eve of a summit of Asia-Pacific leaders. The meeting came after months of worsening tensions between the United States and China over the bombing of the Chinese embassy in Belgrade

during the NATO campaign there.

Despite the tensions between their countries, Clinton and Jiang seemed at ease with each other. They smiled and shook hands as they posed for photographers. Both signalled a desire to mend the tattered US-Chinese relationship, and Washington and Beijing agreed to resume the WTO negotiations.

On the issue of Taiwan, China has stepped up threats to attack the island since Taiwan's president, Lee Teng-hui, asserted in July that China and Taiwan should have a "state-to-state" relationship.

China saw that as a move toward formal independence, which it finds unacceptable because it regards Taiwan as a renegade province that must be reunited with the mainland.

China has been outraged by US arms sales to Taiwan and US discussion of a possible anti-missile shield in East Asia.

Jiang, stopping in Australia en route to New Zealand, called Clinton "my good friend." Clinton said he hoped the passage of time since "the terrible accident" — the May 7 bombing of the Chinese Embassy in Yugoslavia — would allow resumption of constructive talks.

The two leaders were meeting on the side at the Asia-Pacific Economic Cooperation forum, a group whose 21 members carry on 45 per cent of the world's trade.

In addition to Jiang, Clinton will meet on Sunday with Japanese Prime Minister Keizo Obuchi and South Korean President Kim Dae-jung to discuss North Korea's suspected preparations to test a new long-range ballistic missile. Clinton also will hold his first meeting with Russia's new prime minister, Vladimir Putin, in the aftermath of new allegations of corruption in the Kremlin and money laundering.

New Pacific free trade group in the making

AUCKLAND, Sept 11: Negotiations are underway to create a five-nation Pacific free trade area, officials said here today on the sidelines of a major Asia-Pacific conference, reports AFP.

Singapore Trade and Industry Minister George Yeo told reporters that his country, the United States, Australia, Chile and New Zealand, wanted to form a "Pacific Five" group that will move rapidly to tear down tariffs.

"The P-five has had preliminary discussion on possible vehicles to expand free trade in the Pacific in line with the APEC goal," Yeo said after signing an agreement with his New Zealand counterpart Lockwood Smith to launch talks on a bilateral free trade deal.

Singapore and New Zealand, as well as their other three prospective Pacific Five partners are in the 21-member Asia-Pacific Economic Co-op-

eration (APEC) forum, whose primary goal is to achieve free trade and investment by 2020.

APEC leaders are scheduled to hold two-day talks here beginning Sunday to push ahead with the free trade process.

APEC has been criticised for lagging behind in its free trade drive, especially after its Asian members were hit by an economic and financial crisis.

Yeo's statement today confirmed recent reports of moves to set up the new Pacific group aimed at giving greater momentum to liberalisation.

"We can't determine at this stage how fast P-five will develop but it is thought about because of its strategic value," Smith said.

Influential US economist Fred Bergsten, who was among those who helped frame the free trade goals of APEC when it was established in 1989, said Pacific Five members must eliminate virtually all trade barriers by

2010 and prod broader liberalisation projects to early success.

Bergsten said in a published report circulated here that US participation in Pacific Five would not be a problem as none of the partner countries would raise US domestic concerns about "low-wage competition" or labour and environmental standards.

Yeo said all the Pacific Five participants agreed that "the main goal is global free trade" and "nothing should prejudice our collective movement towards that goal."

"Everything else should facilitate this goal," he said.

Singapore Prime Minister Goh Chok Tong and his New Zealand counterpart Jenny Shipley told a news conference today that Asia Pacific economies should move quickly to open up their markets.

European support needed for tariff plans: NZ

'APEC must renew its vow to narrow rich-poor gap'

AUCKLAND, Sept 11: Pacific Rim nations must renew their commitment to narrowing the gap between rich and poor countries in the region, New Zealand Prime Minister Jenny Shipley said Saturday, reports AP.

Shipley, host of this year's Asia-Pacific Economic Cooperation summit, said many APEC members have forgotten that reducing the gap was the reason the 21-member organisation agreed to remove trade and investment barriers.

"Now is the time to urgently lift the pace of our progress," she said.

Business groups have criticized APEC's slow performance in lifting trade and investment restrictions, saying it is unlikely to meet the goal it set in 1994 of free trade by 2010 for its developed members and 2020 for its developing nations.

However, other APEC critics say unbridled free trade would instead hurt the poor because small businesses and farmers in developing countries would be overwhelmed by powerful companies from abroad.

Shipley rejected that view, calling free trade a "highway to development and success."

"We need to challenge those who claim the moral high ground to come down from their

protectionist pedestal," she said.

In meetings Thursday and Friday, APEC trade ministers agreed that all agricultural export subsidies should be eliminated and said they will ask the World Trade Organisation to consider tariff reductions on eight categories of goods when it meets for a new round of global trade talks in November.

APEC, however, failed itself last year to reach agreement on the eight sectors because of Japan's refusal to open up its fisheries and forestry markets.

Thailand's commerce minister, Supachai Panichpakdi, who will lead the WTO for three years beginning in 2002, acknowledged progress with the eight sectors will be a challenge.

"It looks difficult because it was already under certain intensive debate by APEC economies," Supachai said in an interview with The Associated Press.

Proponents, he said, hope to win support by tying the sectors into a broader package with other trade proposals at the WTO.

The eight sectors are fisheries, forestry, chemicals, gems and jewelry, medical equipment, energy, environmental goods and services and toys.

APEC reaches all its decisions by consensus and all its agreements are voluntary. This year's summit is APEC's first since it was joined by Russia, Peru and Vietnam.

Supachai acknowledged that the larger size had made negotiations more cumbersome and said the ministers were forced to extend their discussions at two luncheon sessions before they could reach agreement.

"The size of the grouping will make our discussions longer," he said.

A Reuters report says: European Union support is crucial for the success of Asia-Pacific plans for quick liberalisation of 44 per cent of industrial goods, New Zealand Trade Minister Lockwood Smith said today.

Trade ministers from the 21 Asia-Pacific Economic Cooperation (APEC) forum economies proposed on Friday that forthcoming global trade talks adopt a "single package" approach, whereby no deals were finalised until all sectors were finalised.

But they sought agreement this year on lowering tariffs in eight industrial sectors on a provisional basis, a plan called accelerated tariff liberalisation (ATL).

Metal: Weekly Roundup

Gold, platinum, palladium go up on yen gains

LONDON, Sept 11: Gold prices rose sharply in line with gains made by the yen, which makes dollar-denominated contracts relatively less expensive to Asian buyers, reports AFP.

The gold spot price rose by 1.1 dollars to 256.6 dollars an ounce on the London Bullion Market. Prices rose above 257 dollars on Thursday.

The gains followed an announcement from the Dutch finance ministry that the IMF has abandoned plans to sell gold to finance debt relief for the world's poorest countries in the face of strong opposition from several countries, including South Africa and the US Congress.

The rise of the yen to three-year highs against the dollar further aided the metal.

But analysts added a note of caution saying that any gains

would be limited ahead of the next Bank of England gold auction on September 21.

Silver: Shine. Silver gained from strong demand and the ripple effect of higher gold prices.

On the London Bullion Market, silver gained four cents to 5.18 dollars an ounce.

Platinum and Palladium: Bright. These two sister metals rose on the wings of the yen.

On the London Palladium and Platinum Market, palladium prices rose by 10 dollars to 355 dollars an ounce and platinum gained 7.5 dollars to 357 dollars an ounce.

The rise of the yen, inspired in part by new-found optimism in the Japanese economy, led Asian investors back to market.

The Japanese auto industry is the world's most voracious consumer of palladium.

Base Metals: Gain. The base metals complex on the London Metal Exchange gained from strong demand and a continued fall of market reserves.

Analysts said that the metals rose on predictions of a resurgence of economic growth around the world.

Dutch Finance Minister Gerrit Zalm said that the International Monetary Fund would in its forthcoming World Economic Outlook (WEO) report forecast world economic growth at 2.8 per cent this year, up from a 2.3 per cent forecast in May, and 3.4 per cent in 2000, unchanged from the May forecast.

Three-month copper touched 1,810 dollars a tonne on Thursday.

Nickel reached a 25-month high point on threats of strike action from workers at the Canadian Inco producer, the world's leading producer.

77pc of Indian financial bodies ready for Y2K

NEW DELHI, Sept 11: Seventy-seven per cent of India's financial institutions are compliant to tackle the year 2000 (Y2K) computer bug, and the remaining are expected to be so by the end of October, a government statement said yesterday, reports Reuters.

It said a review by the government's Y2K Action Force, which has been monitoring the state of compliance and preparedness, also showed that commercial banks were well up in meeting compliance requirements.

All the commercial banks, accounting for 90 per cent of banking operations in the country, have achieved full compliance," said a statement on the financial sector issued after the panel held a review meeting.

All the scheduled urban co-operative banks are already fully compliant. Progress of regional rural banks and cooperative banks is also on track and they are expected to achieve full compliance by September-end," the statement added.



Dhaka Sheraton management extended a warm welcome to Chairman of Nestle HO Maucher on Wednesday on his arrival at the hotel. San Amalan, General Manager of Dhaka Sheraton, welcomed him. Also present to greet the Nestle Chairman were Executive Assistant Manager K Shafiq Alam and Director-Sales of the hotel Saad Ahmed. Aldo Siegrist, Managing Director of Nestle Bangladesh, accompanied the Chairman.

— Sheraton photo

World stock exchanges quiver in advent of online trading

LONDON, Sept 11: Leading world stock exchanges are scrambling to face up to the revolutionary impact of online share dealing which is forcing them to reinvent themselves to survive, says AFP.

The rapid growth of Internet trading, which can often offer better prices and lower costs to the small investor, has already forced leading bourses in London and New York to consider turning into profit-making operations so they are better placed to meet the challenge of the technological revolution.

The New York Stock Exchange recently revealed its board was considering a public offering that would set its operations on a more commercial footing.

The NASDAQ high-technology exchange followed suit, and London's own Stock Exchange cited growing competition from electronic trading networks as a major factor in its own plans to demutualise.

The online newcomers, the Electronic Communication Networks (ECNs) are really making the formal exchanges bite their fingernails," said John Langton, chief executive

of the regulatory International Securities Market Association body.

"The shift in technology means that small order processing can be relatively profitable — and it's the ECNs that are reaping the rewards," he told a London conference on Internet trading.

"Investors are increasingly questioning the traditional role of the broker. Brokers are increasingly questioning the rationale of the traditional exchange."

The latest statistics bear out such sentiments. In the United States, ECNs now account for about one fifth of all transactions in NASDAQ-listed securities, and some four per cent of NYSE-listed stocks, according to market estimates.

The number of Internet trades is doubling quarter on quarter, and could reach 15 per cent of the entire retail market by early next year, according to research conducted by the Association of Private Client Investment Managers and Stockbrokers.

Across Europe, online trading is set to explode, according to research published last week

by JP Morgan which forecast the number of trading accounts would soar to 8.3 million by 2002, 20 times the level in 1998.

This still pales in comparison with the 7.5 million online accounts already held by US investors, but the bank nonetheless predicted online trading was "poised to take Europe by storm."

The chief attraction is that the new exchanges can often offer more competitive prices. Stephen Wilson said that his Tradeport Stock Exchange, the world's first commercially operated exchange, is often in a position to beat the "spread" prices offered by the London Stock Exchange.

And yet for the newcomers such as Tradeport in Britain or Instinet and Archipelago in the United States, a number of imponderables still remain.

Can they command enough business to survive long-term? Will they be swallowed by the bigger institutional exchanges? And what are the regulatory implications of cross-border virtual exchanges offering share dealing at the click of a mouse?

Langton said that while

some ECNs will "dry up and wither away" due to a lack of liquidity, others could be in the vanguard of future consolidation, particularly if traditional bourses dither in responding to the challenge.

European exchanges have been very slow in establishing a new eight nation super-bourse, apart from agreeing common trading hours due to kick in later this month. The advance of ECNs is already threatening to overshadow this tie-up, Langton argued.

They argue customers still need to be educated to ensure that they are acting in their best financial interests, and not just using new technology to take a series of risky punts in the style of the "day trader".

"The ability to lock yourself away in a study and deal is missing the opportunity because we need an educational process to give people a much broader picture rather than just flooding stocks," said Justin Urquhart Stewart of Barclays Stockbrokers.

"The clever people setting up Internet trading will need to design it as an overall financial package," he said.

Yen starts making a comeback on BOJ selling flop US treasury secy reiterates support for strong dollar

WASHINGTON, Sept 11: US Treasury Secretary Lawrence Summers yesterday reiterated his support for a strong dollar, even as the greenback hovered near its lowest level against the Japanese yen in three years, reports Reuters.

But in a by now familiar routine, he refused to endorse Japan's latest attempts on Thursday to reign in the recent rise of the yen against the dollar by intervening in the currency markets. Instead, he stressed the need for sound economic fundamentals as the only route to market stability.

"Our policy and approach is unchanged — a strong dollar is very much in the interests of the United States," he told reporters after an appearance at the Treasury Department. "We believe in the appropriateness of a strong dollar."

He added he was not prepared to discuss "any possible plans of intentions we might have with respect to foreign exchange markets," Summers remarks came after Japan's central bank sold yen for dollars in an attempt to cap the yen's recent

rise, which Tokyo fears could undermine the country's frail economic recovery by making its exports more expensive abroad.

Thursday's action came after the yen hit three-year highs against the dollar amid mounting optimism over Japan's ability to finally pull its economy out of a deep slump. That sentiment was fuelled earlier in the week by reports that the world's second-biggest economy unexpectedly grew in the second quarter of the year.

But Summers signalled that he remains sceptical about the merits of such intervention, indicating there is little chance that the United States is willing to back Tokyo's attempts.

US policymakers have long viewed intervention as an instrument that is to be used sparingly at most, insisting that they prefer a much more hands-off approach to movements in financial markets.

Meanwhile, a report from New York says: The dollar ended slightly firmer against the Japanese yen Friday, but shed most of its overnight gains

in late US trade after the Bank of Japan failed to come in with a second round of yen-selling.

The dollar bounced higher overnight after the Bank of Japan sold yen for dollars, rescuing the US currency from three-year lows hit on Thursday.

But the yen reassured itself during the New York session, paring back more than half the dollar's gains and slamming the euro to a new lifetime low versus the Japanese currency.

"This (demand for yen) is not going to stop soon," Mellon Bank trader Grant Wilson said, noting the yen would need to fall below 110 dollars per yen to force a change of heart for the market.

Data showing Japan's economy grew 0.2 in the April to June quarter sparked the yen's strong rally on Thursday. Now even efforts by Japan's central bank to smooth the sharp gains through intervention failed to quell investor appetite.

The yen posted its biggest gains against the euro, gaining nearly 2-1/2 yen since early New York trading.