FAO okays zero growth budget for 2000-01

ROME, Nov 20: The United Nations Food and Agriculture Organisation (FAO) said yesterday it had approved a budget of $ 650 million for the two years 2000-2001, effectively forcing it to make cuts of $4.0 million, says Reuters.

The Rome-based agency said in a statement its biennial budget had remained unchanged at $650 million since 1996-1997, despite inflation and other costs.

It said that this year FAO Director-General Jacques Diouf had submitted three budget scenarios to the agency's 180-country governing conference.

The first was for zero nominal growth ($650 million), the second was for zero real growth allowing for projected cost increases ($664.9 million) and the third allowed for projects requested by FAO's governing and advisory bodies ($687 million).

The conference voted by 105 to zero to adopt the first.

When the scenarios were first submitted, the $650 million budget would have entailed cuts of $14.9 million when inflation was taken into account, FAO said.

"However, since the budget proposal was printed, the strengthening of the US dollar reduced projected inflation and other costs to just about $ 4.0 million," it said.

FAO, whose mandate is to help reduce the number of people in the world who are hungry and malnourished while supporting sustainable development projects, said it was owed about $ 150 million by donor countries.

Czech trade gap widens on oil price hike

PRAGUE, Nov 20: Czech foreign trade showed a slightly worse-than-expected 5.16 billion crown deficit in October following a surprisingly good September result, the Czech Statistical Bureau (CSU) said on Friday, reports Reuters.

The CSU single out the growth of oil prices on world markets as a key element which raised import costs.

The market had expected a gap of 3.7 billion crowns in October, after a revised 1.31 billion surplus in September.

The CSU said nominal exports grew 13.2 per cent year-on-year in October, lagging behind imports which rose 13.5 per cent. The result was 828 million crowns worse than the October 1998 gap.

"It's slightly worse than the market expected. However, I think the deviation from market expectations is not so large. So I don't think the impact will be huge," said Radek Maly, Chief Economist at Citibank in Prague.

The crown eased to 36.38/40 to the euro from about 36.32/34 after the data was released. "After several months, this is the first time that imports grow slightly faster than exports," Maly said.

Analysts said the rise in exports, which helped the Czech economy to record economic growth in the second quarter after a year and a half of contraction, still looked positive.

"Next year imports will behave favourably and the revival of economic activity is optimistic. Germany expects strong imports, also strong foreign investment (into the Czech Republic). I would say exports will be very strong next year," said analyst Anne Francois Bluher of Conseq Finance.

The cumulative deficit for the first 10 months reached 38.4 billion crowns, after a gap of 51.9 billion for the same period of 1998.

Most analysts expect a full-year deficit of 60 to 70 billion crowns, slightly lower than last year's 78.6 billion gap, and safely below levels which caused a currency crisis in 1997.

Cars and telecommunications equipment led exports, with an 11.6 per cent year-on-year growth in the first 10 month period.

Volkswagen AG VOWG. DE Czech unit Skoda as said earlier this month its worldwide sales grew 5.1 per cent in January to October, as exports grew by around nine per cent.

World's largest trade union to be set up in Germany

BERLIN, Nov 20: Four German service sector trades unions yesterday gave the green light for the setting up of the world's largest union in spring 2001, says AFP.

The go-ahead was given by delegates at special congresses of the postal workers' union, the public and transport workers, the media workers and the general workers' federation (DAG).

A fifth partner, the union of commerce, banks and insurance (HBV) had been the first to approve the merger on Thursday.

With some three million members, "Verdi" (short for Vereinten Dienstleistungsgewerkschaft) would replace the German metal workers' union IG Metall with more than 2.5 million members as the world's biggest union grouping.

The five unions hope to win back members who had left in recent years due to the rise in unemployment and to boost their weight against employers' organisations that have become more powerful during an economic crisis.

Frankfurt and Berlin are competing to host the new super-union.

UK agrees to label its beef exports to EU

France faced with EC sanctions on 3 fronts

PARIS, Nov 20: France, one of the main proponents of European construction, this week was caught red-handed as "the bad boy" in the European Union, with disciplinary action faced on three fronts, reports AFP.

One of the original EU class of six, and viewed with Germany as a driving force behind European development, France risks a zero for putting national considerations ahead of community policy on British beef, hunting and electricity.

"The EU is not in crisis," said Aurore Maillot of the Paris-based IRIS foreign policy institute. "Its institutions have functioned perfectly to resolve these problems, but as EU integration moves ahead there is a growing risk of confrontation between European and domestic policy."

In its ongoing beef war with Britain, France has been both attentive to its powerful farming lobby as well as to deeply ingrained consumer anxiety over health and food risks in the wake of an AIDS-tainted blood scandal in the mid-1980s.

With opinion split down the middle over Europe, the government of Prime Minister Lionel Jospin, due to take the rotating EU presidency in only nine months, treads just as carefully as did his conservative predecessors on EU policy.

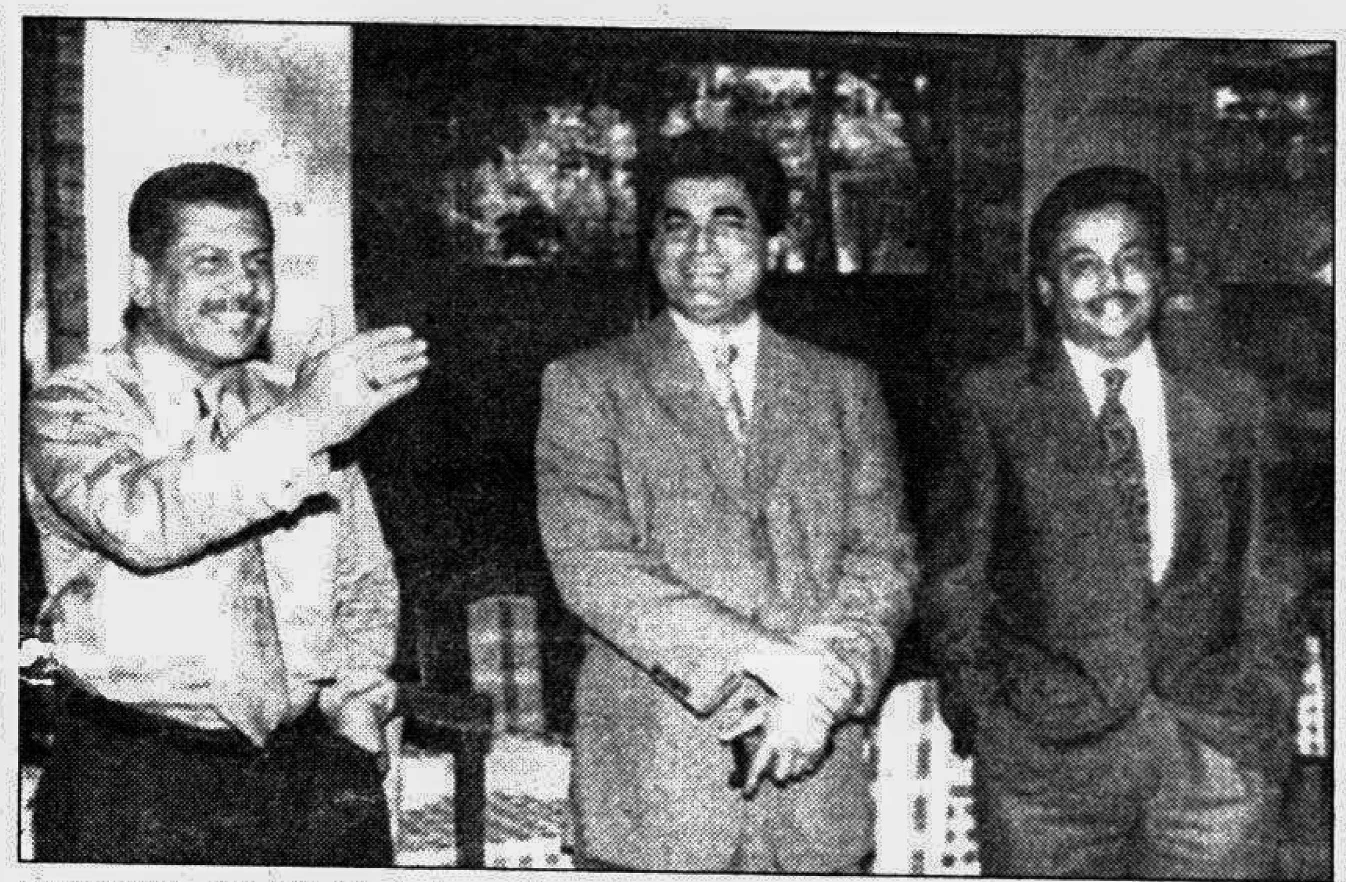
But on Tuesday the European Commission threatened court action in 14 days if France failed to justify its refusal to heed an EU edict lifting the 1996 embargo placed on British beef over the mad cow crisis.

And while Britain's Tony Blair came under tough Tory attack for making too many concessions to his Socialist friends in office in Paris, France's dogged warnings of continuing risks in British beef failed to rally support in Berlin.

Highlighting the growing fragility of the longtime Franco-German axis, Chancellor Gerhard Schroeder on Friday weighed in to side with Britain in the row.

Commenting on the row over bovine spongiform encephalopathy (BSE), Foreign Ministry spokeswoman Anne Gazeau-Secret argued that Britain's agreement finally to label its beef exports to the EU was a victory for consumers across the 15 nations.

"The guarantees demanded by France will be a bonus in the future for other Europeans," she said. "France is no more of a bad boy than other member states."



HBM Iqbal, MP (C), Chairman of Aero Bengal, M Zaman (L), Managing Director of Vantage Tours and Travels, and Salim Bhuiyan, Managing Director of Vantage Aviation Services Ltd (VASL), local agent of Malaysian Airlines, are seen at a lunch programme hosted by VASL in honour of its interline partners at a city hotel yesterday.

— Star photo

ROK president says financial crisis over

SEOUL, Nov 20: President Kim Dae-jung said Friday that South Korea has fully overcome a foreign exchange crisis that hit in late 1997, says AP.

It was the first time that Kim has boasted of a full victory over the financial crisis. He previously had maintained a cautious position on the issue.

"As I predicted, we have completely overcome the foreign exchange crisis in one and a half years," Kim told a meeting with civic leaders in the southern provincial town of Changwon.

Kim cited increased foreign exchange holdings, low interest rates and low inflation as evidence for his conclusion.

Kim took office two months after South Korea's economy was bailed out by the International Monetary Fund in December 1997. In his inauguration speech, Kim said he will try to get South Korea out of the crisis in 1 1/2 years.

Massive reforms linked to the IMF's record $58 billion bailout forced thousands of financially weak companies to collapse, resulting in mass layoffs.

But South Korea's economy has since rebounded dramatically and is expected to grow by more than 9 per cent this year, compared with minus 5.8 per cent last year.

Kim said South Korea's foreign exchange reserves, which now stand at $68 billion, will continue to grow, helped by brisk exports and expanding current account surplus.

The number of jobless has also dropped from 1.78 million at the start of this year to 1.07 now, he said.

Kim also predicted that inflation will stabilize at the 1 per cent level.

Hilti workshop begins in city

Dubai-based Gulf office of Hilti started a two-day South Asia workshop at Dhaka Sheraton Hotel for the business partners from Pakistan, Sri Lanka, Nepal, the Maldives in cooperation with Aziz & Company Ltd of Bangladesh, says a press release.

The focus of the workshop is on strategic planning for the year 2000.

Hilti is one of the world's leading suppliers of tools and fastening systems to the construction and building maintenance industries.

Traders buy up winter supply on price hike fears

Oil again sharply stronger

LONDON, Nov 20: Oil prices closed sharply stronger after hitting fresh nine-year highs yesterday as traders bought up early winter supplies for fear they will soon get even more expensive, reports Reuters.

International benchmark Brent for January settled 71 cents stronger at $ 25.07 a barrel after setting a new peak of $25.21 — its highest level since January 1991, topping post-Gulf crisis highs set only on Wednesday.

The gains coincided with a move by Saudi Oil Minister Ali al-Naimi to reassure consumers that OPEC wanted stable oil prices.

"We are very responsible producers and suppliers of the strategic commodity that the world needs. The health of the market today is excellent and we are committed to safeguarding the stability of the market," he told reporters on arrival in neighbouring Kuwait for an industry gathering.

Asked what level of oil prices OPEC producers would be content with, Naimi said: "We are concerned about the welfare of the producer and the welfare of the consumer and also looking at the impact of our policy on the world economy."

Naimi and his counterparts from OPEC's Venezuela and non-OPEC Mexico earlier this week made it clear they will keep holding back more than four million barrels per day (bpd) of supply until March when their output cut agreement expires.

Close producer compliance to the accord has more than doubled prices since the start of the year. The Saudi minister gave no clear indication on Friday of his thinking on OPEC policy once producers' export curbs expire at the end of March.

"We have before us a period in which we should bear the responsibility as producers to safeguard stability. We should take the decision which safeguards that stability whether we extend or don't extend," he said.

Naimi also said that action by speculators who bet on a firmer market accounted for at least $1 in current oil prices.

The market also drew support from news that Iran cancelled some crude oil export loadings for the remainder of November in order to stay within its OPEC quota for November.

Iranian Oil Minister Bijan Zanganeh on Thursday ordered the "strict control" of exports from the Kharg Island and Lavan crude oil terminals to keep November average exports within the country's official OPEC allocation, an Iranian official said.

EU may 'go a long way' on farm issue in WTO talks

BRUSSELS, Nov 20: European Trade Commissioner Pascal Lamy said yesterday he had the authority to "go a long way" on agriculture in new global trade negotiations expected to be launched in Seattle next month, says Reuters.

In a televised briefing for reporters based in Britain, Lamy was asked repeatedly whether the European Union was prepared to give way on agriculture — an area where its policies will come under attack in the new World Trade Organisation (WTO) talks.

"I have the authority, with (EU leaders') decisions and with what has been done already, to go a long way in this negotiation ... How much, how long is something which a negotiator will never say," the French commissioner said, speaking in English.

The EU is pushing for a comprehensive new round of trade liberalisation talks to be launched at the WTO ministerial conference being held in Seattle from November 30 to December 3.

Other WTO members want to restrict the agenda to talks on agriculture and services which WTO members previously agreed to launch next year. The Australian-led Cairns Group of major food exporters wants to keep the focus firmly on agriculture, particularly EU farming subsidies.

Asked whether the EU was pushing a broad agenda to reduce for farm concessions, Lamy said the EU's position for the new round was "EIA — everything including agriculture."

EU Farm Commissioner Franz Fischler had "very precise" ideas on demands the EU could make of other WTO members in the agricultural area in return for EU concessions, Lamy said.

The United States had substantial export credit systems while Australia and New Zealand had commodity trading boards which had to be addressed, he said.

In various reforms of the 1990s, the EU had increased market access, reduced domestic support and cut export subsidies, Lamy said.

"So we've started on this road... We have to do that in a progressive, long term-oriented manner, but we are committed to adjusting our support systems so that they can be more market oriented," he said.

"Our position is that we are ready to go forward in this direction and that we can negotiate on that," he said.

However, the EU would not agree with countries which argued agriculture was the same as any other economic sector, Lamy said.

Mohammad Younus, Chairman of the Executive Committee of Islami Bank Bangladesh Limited, addresses as chief guest the inaugural ceremony of a day-long Conference of the Head Office-controlled and Dhaka North and South Zone branch Managers at the boardroom of the bank yesterday. M Kamaluddin Chowdhury, Executive President of the bank, presided.

—IBBL photo

US industrial output rebounds

WASHINGTON, Nov 20: US industrial production climbed at its fastest rate in seven months during October as utilities and factories rebounded from a dip in September when Hurricane Floyd wreaked havoc on the East Coast, the Federal Reserve said, reports Reuters.

Production by the nation's mines, factories and utilities rose a much stronger-than-expected 0.7 per cent after falling a revised 0.1 per cent in September.

Still, stock and bond prices firmed in the belief that rising productivity was enabling companies to ratchet up production to take advantage of both a strong domestic economy and better export opportunities without fanning price rises.

On the New York Stock Exchange, the Dow Jones Industrial Average was ahead some 85 points at noon while bond prices rose fractionally by 4/32 of a point for the bellwether 30-year US Treasury bond to yield 6.02 per cent.

US Treasury Secy says

Higher rates no threat to world economy

NEW YORK, Nov 20: Rising global interest rates reflect world economic strength and should not be seen as threat to continued growth, US Treasury Secretary Lawrence Summers said in an interview released yesterday, says Reuters.

Asked in an interview published in the Nov 29 issue of BusinessWeek magazine if the world could withstand rising rates in the United States and elsewhere, Summers said, "The changes in longer-term interest rates are a reflection of economic strength rather than a threat to it."

He added, "Increasing long-term interest rates have coincided with increasing asset prices and volumes of investment. That tends to suggest (rates) have not put downward pressure on investment plans."

Summers said the world's second largest economy, Japan, was showing some economic improvement but it was "important not to prematurely declare an end to Japan's economic problems or the need to support domestic demand-led growth."

Europe, meanwhile, was still in need of corporate restructuring to improve competitiveness. He added that policy steps to deregulate and make labour markets more flexible would be critical for Europe's prospects.

Asked whether the pending US budget bill marked a return to loose fiscal policy because it broke government spending caps, Summers said: "This is a fiscally responsible bill because it will pay down more debt than ever before. It will balance the budget with $100 billion to spare."

He said he was confident that projected government surpluses and debt paydowns will be measured "comfortably in the trillions of dollars" in the coming decade.

Canadian trade surplus down

OTTAWA, Nov 20: Canada's merchandise trade surplus narrowed dramatically in September to C$2.52 billion as auto exports dropped 10.4 per cent in the month, Statistics Canada said yesterday, reports Reuters.

The trade gap had reached a whopping C$3.64 billion in August on record high exports to the United States, and economists were taken by surprise by September's retreat. They had forecast exports, imports and the trade surplus to remain largely unchanged in the month.

"It was certainly a much weaker trade figure than we were expecting for September. Looks like a fair bit of weakness, at least in exports, concentrated in the automotive sector," said Sal Guatieri, senior economist at Bank of Montreal.

Statistics Canada said exports fell 3.2 per cent to C$30.35 billion, after a revised 3.5 per cent gain in August. Exports in the auto industry plummeted 10.4 per cent, with car exports down 13.5 per cent and truck exports 11.9 per cent weaker.

Metal: Weekly roundup

Gold moves in a tight range while silver slides

LONDON, Nov 20: Gold prices moved in a tight range this week, as the market braced for the next bullion auction which the Bank of England is planning for November 29, reports AFP.

An ounce of gold was fetching 293.85 dollars on the London Bullion Market from 293 last week.

The market hardly flinched at all after the World Gold Council unveiled a 22 per cent increase in world gold demand in the third quarter of 1999.

Silver: Quiet. Silver prices slid lower again this week in calm trading.

The spot price on the London Bullion Market fell to 5.10 dollars an ounce from 5.12 dollars.

Platinum and Palladium: Weaker. The prices of the two sister metals slipped after the State Duma in leading producer Russia adopted an amendment to a law permitting a resumption of exports.

Platinum had been supported in recent weeks by questions over supply from Russia due to an export block.

Platinum prices on the London Palladium and Platinum Market fell 15 dollars to 442 dollars an ounce.

Base metals: Dull. The base metals complex generally lost ground this week amid quiet trading, but the possibility raised this week of China joining the World Trade Organisation is likely to have a positive impact on the complex, analysts say.

Dr M Shamsul Haque, Director of MBA Program, School of Business, North South University, speaks as the chief guest at the recently held closing and certificate-awarding ceremony of the JOBS Program Training for Agrani Bank officers. Niaz Ahmed of IBA, Quazi Mahmud, Executive Director of CENCE, Aniruddha Hom Roy, Senior Manager, Loans Facilitation Unit, and Hassan Imam Khan, Assistant Manager of the JOBS Program, are also seen in the picture.

— JOBS photo

JOBS training for Agrani Bank officers ends

Star Business Report

The six-day training workshop on CEFE-based entrepreneurship development for Agrani Bank officers ended recently, says a press release.

It was organised by JOBS Programme of the USAID in collaboration with the Micro-Enterprise Development Unit of Agrani Bank.

Dr M Shamsul Haque, Director of MBA Programme of the School of Business of North South University, was the chief at the closing and certificate-awarding ceremony.

Aniruddha Hom Roy, Senior Manager-Loans Facilitation Unit, and Hassan Imam Khan, Assistant Manager of the JOBS Program, were present at the closing ceremony.

15 branch managers and officers of the Agrani Bank who are working all over Bangladesh participated in the training workshop.

The training was conducted by the Centre for Human Excellence (CENEC).

The main purpose of the training was to familiarise the bankers with the modern entrepreneurship development approach known as CEFE (Competency-based Economies through the formation of Entrepreneurs).

The course participants will be better prepared to identify and select the right clients from among several loan applicants.

In the opening ceremony, the chief guest was Anthony Dalgleish, Program Manager, JOBS program of USAID. Shah A H M Abdul Hye, General Manager and Project Director, was the special guest while Aniruddha Hom Roy, Senior Manager, Loans Facilitation Unit, JOBS Program, and Md Mufazzil Hussain, AGM and Project Coordinator (in charge), MEDU, was the guest of honour.

US admn calls upon Congress to back deal with China

WASHINGTON, Nov 20: The US administration yesterday warned that if Congress failed to back a just-signed US-China trade deal, US businesses would suffer bit losses to competitors on the lucrative Chinese market, says AFP.

"We don't intend to open up the Chinese market for the rest of the world and not for us," US Trade Representative Charlene Barshefsky told journalists at a briefing here.

Barshefsky and Eugene Sperling, chief White House economic advisor, on Monday reached a landmark agreement with Chinese authorities in Beijing that should pave the way for Chinese accession to the World Trade Organisation.

In exchange for US support for China's WTO admission, Beijing offered sweeping commitments to lowering tariffs and reducing trade barriers to foreign goods.

But for the deal to take effect, Congress must approve permanent "normal trading relations" (NTR) for China, the world's largest consumer market.

At present the Republican-controlled Congress, much of which is not particularly China-friendly, votes on such status each year.

"To not pass permanent NTR would be to deprive American industries and American farmers of enormous benefits that all of their competitors are going to get," Sperling said Friday.

The fear is that China will now reach market-opening deals with other trading powers, notably Canada and the European Union, and will then begin to implement them — to the great disadvantage to US producers — while Congress dickers over normal trade relations for Beijing.

"We're attempting through this deal and then with the subsequent bilateral deals China will do with Europe and others, which they have to do, to extract an opening of the Chinese economy across the board in a staged way but on a reasonably aggressive timeline," Barshefsky said.

"We don't intend to do that for the rest of the world and not for our producers, our farmers, our workers. It's a completely irrational outcome, not to mention competitively devastating."

President Bill Clinton's policy of engagement with China has won him enemies in Congress, most of them Republicans.

The fight for permanent NTR will also play out amid a build-up to the November elections, when the Democrats will be seeking to regain control of the House and Senate and to install a Democratic successor to Clinton.

Ex-Im Bank wants US to stay engaged in Russia

WASHINGTON, Nov 20: The head of the US Export-Import Bank said yesterday that the United States should stay engaged in Russia, but gave no clues on when the bank might finalise some $500 million in loan guarantees, reports Reuters.

Ex-Im Bank Chairman James Harmon, speaking to reporters after a discussion on the bank's activities in Africa, said the board would decide on the loans "at the appropriate time."

He refused to be drawn on whether the credits were being delayed because of US concern about Russia's bloody military campaign in breakaway Chechnya, where Russian raids have killed civilians and created a flood of refugees. The fighting has cast a new chill over Russia's relations with the West and Russian President Boris Yeltsin left a European security summit early this week, angry at criticism of actions which Russia says is aimed at "bandits and killers."

The Ex-Im Bank loans, which will pay for the purchase of US equipment for Russia's investment-starved oil sector, were approved by Congress during the summer.

But the bank's board, down in numbers after recent personnel changes, has not yet given the money its final seal of approval and Harmon said some issues were still under review. The New York Times on Friday linked the delays to a debate within the administration on whether Washington should help Russia while the Chechnya war drags on.

"I believe that the United States should continue to be engaged with Russia," Harmon said. Noting that 99 per cent of Ex-Im Bank loans to Russia were being fully serviced, he added: "Ex-Im Bank's experiences in Russia have been better than satisfactory."

The debate about new Ex-Im Bank money is part of a broader discussion about how the international community should respond to Russia's actions in Chechnya, a mountainous Caucasus region which is — nominally at least — part of Russia.

As well as waiting for the Ex-Im Bank guarantees, cash-strapped Russia wants the International Monetary Fund to approve a second installment of a $4.5 billion loan approved in July.

Russian officials say they expect the money, some $640 million, to be paid next month.