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IMF says wiping out poverty key challenge in new millennium

SINGAPORE, Dec 31: International Monetary Fund (IMF) managing director Michael Camdessus said today a key challenge in the new millennium was the need for "an unwavering focus" on poverty reduction, reports AFP.

The reduction of poverty was "even more daunting and urgent challenge" than the prevention of financial crises in a world of closely-linked capital markets, Camdessus said in a special article he contributed to Singapore's Straits Times newspaper.

He urged the advanced countries to live up to their pledges of assistance and reinforce their actions in poverty eradication by opening their doors

wider to exports from poor countries.

Camdessus said the challenge of poverty was not confined just to the countries that, in per capita terms, qualify for debt relief and concessional lending.

He pointed out that one of the sad truths of the financial crisis which broke out in mid-1997 and swept through emerging market economies was "the most vulnerable members of those societies bore the heaviest burden."

Thus, it is essential that governments in these countries — supported by the international community — maintain their commitment to social-

safety-net programmes to ensure that everybody is able to weather the storm," said the IMF chief who is scheduled to step down mid-February after nearly 13 years in office.

He said some 1.3 billion people live on less than one US dollar a day in the world's poorest countries.

Camdessus said there was every reason to believe the coming decades would bring material benefits to hundreds of millions more people, and bold steps should be made to improve human conditions throughout the world.

"And for the world to be able to maintain and develop it, it

will be essential the new millennium be marked by renewed commitment to stability through strengthened policy discipline in the framework of the new financial architecture," Camdessus explained.

The IMF is in the forefront of efforts to devise the new financial architecture that can help prevent a repeat of the financial crisis which plunged most of Asia into recession.

Camdessus said perhaps the most important lesson of the 1990s was the world was now confronted by a new and more complex breed of financial crisis, "which can be prevented only if we continue to tackle the shortcomings of the global fi-

ancial system."

He said the rapid rebound of the emerging market economies from the depths of the crisis underlined the benefits of a world tied together by open markets, freer capital flows and international policy cooperation.

But uncertainties continued to hang over the world economy and it was essential to avoid complacency, he warned.

Camdessus said financial systems in several of the crisis-hit countries remained burdened by bad debts and added corporate restructuring still had a long way to go if these economies were to regain their health fully.



A street vendor sells 2000 glasses in Mexico City's main plaza Thursday as Mexicans prepared to welcome the new year, the new century and the new millennium. Some experts say the new century/millennium do not begin until January 1, 2001. — AFP photo

Forex & Money Market Yearly Roundup

In 1999, Bangladesh Taka was adjusted downward by 5.0922 per cent against US dollar. The first devaluation was done on July 18, 1999 by BDT 1 or 2.06 per cent and the second one on November 30, 1999 by BDT 1.50 or 3.03 per cent.

Bangladesh Bank's dollar buying and selling rates closed at BDT 50.85 and BDT 51.15 respectively on December 31, 1999. The commercial banks' US dollar buying rates from the exporters closed at around BDT 50.65 while the dollar selling rate to importers hovered at around BDT 50.82.

In the local foreign exchange market, demand for the US dollar was high during the first three quarters due to higher import payments and other outward remittances. Interbank dollar selling rates hovered close to Bangladesh Bank's selling rate.

In the last quarter, the demand for US dollar was comparatively lower, due to lower import payments and higher inward remittances in the form of foreign currency loan and aid. Most of the trade-related transactions were in US dollar, while inward remittances received as aid or donations were in European currencies.

The local money market was more or less easy throughout the year due to surplus liquidity. However, the first half was a bit tighter than the second one. Most of the commercial banks witnessed surplus in funds due to decline in private lendings and government borrowings.

Treasury bills played pivotal role in the money market. The weekly auction was held on Sunday and payments against accepted bids and matured bills were made Monday. Yield on treasury bill declined throughout the year. Bangladesh Bank lowered its rate by 100 basis points to 7 per cent.

The market expects the local foreign and money market to the hectic in 2000 on account of growing business and spurring economic activities.

—Standard Chartered Bank.



Stockbrokers at Mukeshbabu Securities are all smiles during the last trading of the year, Thursday, in Bombay. Shares on the Bombay Stock Exchange index were up by 66.35 and closed at 5,005.82 points, hitting a two-month high. The BSE closed early in fears of the Y2K bug, as doomsayers have predicted that computers around the world are likely go down as the calendar changes from '99 to '00. — AFP photo

Seattle fiasco puts agricultural talks in jeopardy

GENEVA, Dec 31: International negotiations for reducing or eliminating agricultural protectionism, set to begin in early 2000, will be put off until the World Trade Organisation (WTO) clears up its current climate of uncertainty, says IPS.

The failure of the WTO ministerial conference held earlier this month in the US city of Seattle, Washington, took its toll on the institution's planned activities, including previously mandated negotiations involving agriculture, services and some intellectual property issues.

The fate of these negotiations, as well as much of the WTO's future course, will be decided at the next meeting of the general council, global trade's highest governing forum in the intervals between ministerial conferences.

Following the Seattle debacle, the 135 WTO member countries agreed to take time off in order to assess the current status of the multilateral trade system. The ministerial conference took place amid massive street demonstrations and concluded without even the smallest agreement after four days of deliberations.

When the general council decided to call a time-out on Dec 16, it did not announce a date for its next meeting, in which it is to make decisions on vital aspects of WTO operations.

But sources close to the Group of Cairns (15 countries that promote liberalisation of agricultural trade) said the council will reinstate sessions

between Jan 15 and Jan 20. At that meeting, they assured, general council delegates will establish dates for beginning the mandated negotiations and will draft guidelines for the talks.

The Group of Cairns sources acknowledged that their high hopes for broad agricultural trade liberalisation had been deflated by the setback in Seattle, where the world's trade ministers were unable to reach a consensus on convoking a new round of international trade talks to pick up where the Uruguay Round left off in 1994.

Within a general round of trade talks covering several issues, agriculture would have been just one more card on the negotiating table. But options are reduced when all bets are concentrated on three items: agriculture, services and intellectual property.

Given the current situation, some Group of Cairns members prefer those negotiating sessions on the three issues be carried out in a parallel fashion. "So that nobody can speculate on winning benefits on one issue by giving in on another."

In addition to the Cairns members, other participants in agricultural talks are the United States (which subsidizes its farmers but encourages greater opening of world market) and a group made up of the European Union (EU), Norway, Switzerland, Japan and South Korea — all defenders of farm production and export protections.

China co building power plant in Iraq

BAGHDAD, Dec 31: China's state-run Sichuan Chongfang Electric Corp. is building a \$160 million gas powered electricity plant in Iraq, company officials said Thursday, reports AP.

The plant at Rashidiya, in the northern outskirts of Baghdad, is the first by China since the United Nations imposed sweeping trade sanctions on Iraq for invading Kuwait in 1990.

The officials, speaking on condition of anonymity, said construction of the new station, with a generating capacity of up to 400 megawatts, falls within the framework of UN exemptions to Iraq sanctions.

Iraqi and Chinese officials say equipment, generators and parts needed to build the plant have cleared the UN sanctions committee.

Under the UN-approved oil-for-food deal, worth \$5.2 billion every six months, Iraq can import spare parts to revamp

its power grid devastated by the 1991 Gulf War bombing and nine years of embargo. Periodic blackouts continue to darken Baghdad.

Iraq has earmarked up to 1 billion for electricity repairs and building since the start of the oil deal in December 1996.

Hundreds of millions of dollars worth of parts have arrived and more than half a billion dollars of contracts have passed the sanctions committee. Most of these come from China and Russia, Iraq's main backers on the UN Security Council.

Russia's electricity corporation, Technopromexport, renewed this month a \$419 million contract with Iraq for the construction of a power plant of 1,680 megawatts.

Iraq has bought six gas turbine generators from China worth \$74.9 million with a combined capacity of 200 megawatts.

India's rejoining to give IJO a new lease of life

International Jute Organisation (IJO) is set to get a new lease of life with the rejoining of India, paving the way for clinching a new agreement for its continuity, reports BSS.

India, the biggest producer of jute and an influential member of the Dhaka-based global body, has resumed its participation from December 23 following high-level national and international efforts, IJO sources told BSS yesterday.

The country, which withdrew from the lone UN affiliate headquartered in Dhaka over certain disagreements early this year, has communicated its decision of rejoining to UN Secretary General Kofi Annan in

late December. International Agreement on Jute and Jute Products, 1989, which determines the extent of IJO's existence, is scheduled to expire on April 11 next. A fresh agreement must be struck before under the auspices of the United Nations Conference on Trade and Development (UNCTAD) to keep the body alive after the expiry of the pact.

Talking to BSS, Mahfujul Islam, Chairman of International Jute Council (IJC), the governing body of IJO, said the Council has already welcomed the Indian decision of rejoining.

Islam, who is also the Secretary of the Ministry of Jute, Bangladesh, said a meeting of the Preparatory Committee (Prepcom) will be convened in Dhaka in early February, which will be followed by a special IJC session to finalise the draft agreement.

The final draft agreement is expected to be ratified in another meeting at the UNCTAD headquarters in Geneva to be held shortly after the IJC session.

Since its establishment in Dhaka in 1984 the IJO has been looking after the interests of both the jute producing and importing countries.

OPEC-Mexican output curb boosts demand Oil jubilates in 35pc gain

LONDON, Dec 31: Oil prices in 1999 posted a 35 per cent increase on average over 1998 in a triumph of output restraint by export cartel OPEC and key ally Mexico, reports Reuters.

International benchmark North Sea Brent blend averaged \$18.03 for the year after business closed on Thursday, the last trading day of 1999.

Brent averaged just \$13.34 a barrel in 1998, the lowest in 22 years, when prices slumped amid a global surplus caused by excess output and shrinking demand in collapsing Asian economies. Average prices for Brent were \$19.34 in 1997 and

\$20.28 in 1996. "OPEC has succeeded beyond its own expectations in increasing prices and in reducing global crude inventories," said a report from Washington-based Petroleum Finance Company.

"Prices have increased dramatically and demand has recovered."

The rally has been driven by three rounds of output cuts brokered by Venezuela, Saudi Arabia and non-OPEC Mexico that have squeezed flows by some four million barrels per day (bpd).

The gains have revived the balancesheets and share prices

of international oil companies and service firms and replenished depleted treasuries in the oil-dependent OPEC member states.

By cutting supply in 1999 by about four per cent, OPEC boosted petroleum export revenues by some \$25 billion, London's Centre for Global Energy Studies estimated.

Cartel oil revenues for the year were about \$121 billion compared to \$96 billion in 1998.

But the rising prices have also stirred fears of resurgent inflation in industrialised countries.

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