

Russia seen has every chance of joining EU, Japan agree to work to get WTO on track

BRUSSELS, Jan 12: The European Union and Japan agreed yesterday to work together to get detailed global trade negotiations back on track as soon as possible, reports Reuters.

In a joint statement, released after high-level talks here between Japanese ministers and members of the EU's Executive Commission, both sides said the early launch of a new round of talks should be the World Trade Organisation's (WTO) priority.

"They agreed to continue their close cooperation to get the process back on track as soon as possible," the statement said.

A WTO conference in Seattle last month failed to launch a new trade round which had been called for by the EU, Japan, the United States and some other nations.

The EU and Japan were closely aligned in Seattle in defending their agricultural systems against attack from the US and other major food exporters.

He showed frustration about drawn-out negotiations with Japan on a Mutual Recognition Agreement — aimed at boosting trade by enabling Japan and the EU to recognise each other's testing and certification standards for electrical appliances, telecommunications equipment, chemicals and pharmaceuticals.

Meanwhile, an AFP report from Moscow says: Russia is determined to join the World Trade Organisation (WTO) and has "every chance" of doing so, Russian first deputy prime minister Viktor Khristenko said yesterday.

The minister estimated that Russia had "every chance" of gaining full membership at the next WTO conference to be held in Geneva before the end of the year, he said.

By then Moscow should have increased farm subsidies to developed-nation levels, and adapted laws to comply with WTO regulations, Khristenko added.

Mr Yen calls for Asian currency regime

KUALA LUMPUR, Jan 12: Etsuko Sakakibara, the man once known as 'Mr Yen' for his sway over financial markets, has called for an Asian currency regime to be developed to stabilise exchange rates in the region, reports AFP.

"I don't think (a weak dollar) is desirable for the US because it is receiving a huge amount of money from the rest of the world. It needs one billion dollars a day in order to compensate for its current account deficit."

He said that there were already "some bubble elements" in the US stock market.

"If the bubble bursts, that would really affect the world economy negatively and we have to avoid that. There is a need for a stable exchange rate," he added.

Sakakibara, who is being backed in Japan as a candidate to succeed current IMF managing director Michel Camdessus who's steps down in February, also called for a regional defence mechanism to cope with future crises.

Exchange Rates

Table of exchange rates for various currencies including USD, JPY, CHF, SGD, CAD, SEK, AUD, MYR, HKD, SAR, AED, KRW, GBP, EUR.

On Wednesday, the market gradually started resuming its operation after Eid. The demand for dollar was steady in the local interbank market. The call money market maintained its upbeat tone and the call rate ranged between 7 to 9 per cent.

Myanmar ban on chewing gum, chocolate import through border

YANGON, Jan 12: Myanmar's government has added chewing gum, chocolate and cake to the list of products banned from import through land, a local weekly magazine reported Wednesday, reports AP.

No reason was given for the order issued by the commerce ministry, reported the Myanmar-language Hmugin. Other banned items include wafers and plastic ware.

There are now 15 items on the list of banned imports and 32 banned from export.

The order was dated Nov 26 last year, two days after the reopening of border checkpoints with Thailand. The checkpoints had been closed after Thailand allowed five Myanmar students who took over the Myanmar Embassy in Bangkok to go free.

Myanmar, also called Burma, is one of the poorest countries in Asia, and has a tightly-controlled economy despite liberalisation in recent years to allow foreign investment. The government has few foreign reserves, and keeps the currency valued artificially high.

Aussie job market seen growing

SYDNEY, Jan 12: Australia's labour market should have finished 1999 on a positive note, with analysts saying this will reinforce expectations of a strong consumer driven economic performance in 2000, reports Reuters.

The monthly jobs report to be issued on Thursday is expected to show that the small fall in November employment was just a blip on a strengthening path, and could heighten expectations of an aggressive Reserve Bank tightening in early February or sooner.

Employment is expected to rebound strongly after a 6,200 fall in November — the first fall since March — with forecasts centring on a 23,500 rise. Forecasts range from a rise of 15,000 to a 65,000 rise.

"Strong employment growth and declining unemployment are boosting both household income and consumer confidence, supporting booming consumer spending," JP Morgan senior economist John Kyriakopoulos said.

The jobs strength in late 1999 would support expectations of a solid Christmas/New Year period for retailers, a 25 basis point rate rise by the Reserve Bank in early November appearing to have done little to dampen the enthusiasm of consumers.

With employment growing, spending is expected to stay strongly at the start of 2000. And with increasing job security seen as opening the way for some wages growth ahead of a large mid-year fiscal stimulus from tax cuts, market speculation is growing the RBA may quickly act to head off nascent inflation signals.

But despite the jobs rise, the unemployment rate is seen rising from November's 9.9 per cent, to 6.7 per cent, as the strength of the jobs market, with almost 195,000 new jobs in the first 11 months of 1999, lures back discouraged job-seekers.



Rahul Bajaj (R), Chief of India's premier trade body Confederation of Indian Industry (CII) talks with India's Commerce and Industry minister Murasoli Maran (L) at the opening ceremony of an automobile exposition in New Delhi on Wednesday. Maran said the government would not allow the country to become a dumping ground for secondhand cars from foreign nations.

Malaysian reserves rise on trade surplus, fund inflow

KUALA LUMPUR, Jan 12: Malaysia's international reserves rose sharply in late December, reflecting a strong trade surplus and an inflow of foreign portfolio funds, analysts said, reports Reuters.

Malaysia's central bank said on Tuesday its gold, foreign exchange and other reserves stood at 117.26 billion ringgit (\$30.86 billion) on December 31, up from 115.21 billion a fortnight earlier.

Bank Negara said in a statement on Wednesday that the rise was primarily due to net purchases of foreign currencies from commercial banks. Currency in circulation surged to 30.5 billion ringgit from 24.9 billion in mid-December.

Analysts said the increase in reserves was a welcome sign as they had fallen in October and then stabilised.

The rise could also be attributed to the strong trade surplus and fund inflows in the stock market," Kevir Ng, economist at ABN Amro in Singapore.

Malaysia posted a trade surplus of 63.6 billion ringgit during January-November 1999 compared with 51.7 billion in the same period a year ago.

Bank Negara's purchase of foreign currencies from commercial banks amounted to \$461 million in December and net receipts from government external loans were \$79 million. But economists were split over why central bank purchases of foreign currencies from commercial banks would surge.

"One reason could be that commercial banks think that it is business as usual and like to keep some currencies off their hand," said an analyst at JP Morgan in Singapore.

Government figures showed that portfolio investment outflows picked up between July and October, then tapered off.

Some analysts said the government purchase foreign currencies to sterilise an inflow of capital in the last half of December, reflected in the strong performance of the stock market which rose by more than 10 per cent in that period.

"I think one reason could be sterilising of capital inflows in December," said Nizam Idris, an analyst at IDEAGlobal.com.

ABN Amro's Kevin Ng said the purchase of currencies could also be part of the government's portfolio management strategy.

Before the end of 1999, Bank Negara had told banks to have plenty of cash on hand in case customers, preparing for any potential Y2K problems, made heavier than usual withdrawals.

"It may be that people were keeping more cash because of the Y2K problem," said Eddie Lee, regional economist at Vickers Ballias.

Analysts said year-end bonuses and festivities could be another reason for rise in currency circulation.

UK may witness mild economic slowdown in few months

LONDON, Jan 12: British businesses expect only a mild economic slowdown in the next few months, not enough to stop the Bank of England from raising interest rates, a report said today, reports Reuters.

Business advisers BDO Stoy Hayward said its optimism index eased to 101.7 in December from 101.9 in November but still implied annualised growth of just over 2.5 per cent in the second quarter of 2000.

The report coincided with the start of the Bank of England's Monetary Policy Committee two-day rate setting meeting which is widely expected to deliver a 25 basis point rate hike to 5.75 per cent. The announcement is due on Thursday 12:00 GMT.

"Although our latest BDO Business Trends indices show a slight decline in business euphoria, the pre-Christmas spending surge seems set to cause only a minor post-millennium hangover," said Charles Maynard, partner at BDO Stoy Hayward.



A worker climbs down a ladder after setting up a banner advertising the Thai Board of Investment (BOI) Fair 2000, one of the largest showcases of industry and technology in Southeast Asia, in Bangkok on Wednesday. Some 70 international leading corporations from 10 countries will take part in the fair, which will run February 03-17, in a large display of ASEAN industry and technology.

Cargill, Dow to begin commercial production of corn-made plastics

MINNEAPOLIS, Jan 12: Cargill Inc and Dow Chemical Co have announced plans to produce commercially a durable "natural" plastic made from corn rather than petroleum, reports AP.

The plastic made from renewable resources performs as well and costs about the same to produce as plastic made from non-renewable hydrocarbons, the companies said Tuesday. It can be used in items as varied as clothing and food containers.

"To think that what is grown in a field can now be converted into plastic is really quite amazing," said Jim Stoppert, president and chief executive of Cargill Dow Polymers, the 50-50 joint venture between the two companies.

Cargill is among companies that already use corn to produce ethanol, a gasoline additive touted as reducing reliance on oil, but which relies on federal subsidies to remain competitive.

Cargill and Dow have invested more than \$300 million to build a new plastic manufacturing plant in Blair, Nebraska, where Cargill has produced ethanol and animal feed at its corn wet milling plant since 1995.

By reducing reliance on petroleum, producers would be less affected by rapid swings in oil prices but could find themselves at the mercy of volatile grain markets.

The new CDP factory is to open at the end of 2001 and will produce more than 300 million pounds (135 million kilograms) annually of the plant-based plastic, called polylactide or PLA.

Initially, the plant will not increase the amount of corn ground by Cargill in Blair because the corn on hand will be shifted to higher-value products, such as the PLA, said Pat Gruber, CDP's vice president, technology and operations.

However, farmers could reap huge benefits from the technology.

"That's a very small number compared to the overall plastics industry," he said.

World consumption of the top five plastic resins totaled more than 220 billion pounds (100 billion kilograms) in 1996, according to statistics provided by the American Plastics Council, which said consumption was growing at more than 5 per cent a year.

Global bond yields up on inflation fears

LONDON, Jan 12: Benchmark US and European government bond yields rose to levels last seen in 1997 today as concerns mounted that interest rates would need to rise to curb disturbing signs of inflationary pressures, reports Reuters.

French inflation data released today showed December's consumer prices were up 0.4 per cent versus November, double the amount expected.

The news came hot on heels of a higher than expected wage rise claim from key German union on Tuesday and as data today pointed to accelerating growth in Germany in 1999.

Bond markets typically price in the risks of future inflation by pushing long term interest rates higher to compensate fixed income investors.

"For government bonds, this environment only points to higher yields," said Brian Venables, bond strategist at ABN Amro in London.

The US long bond yield rose to just shy of 6.70 per cent, a level it last closed above in July 1997 when it hit 6.71 per cent. The benchmark 10-year German Bund yield rose to just below 5.60 per cent, last seen in November 1997.

Shipping Intelligence

Chittagong port

Table showing berth position and performance of vessels at Chittagong port on 12.01.2000.

Vessels due at outer anchorage

Table listing vessels due at outer anchorage with columns for Name of vessels, Date of arrival, L.Port, Local agent, Cargo, and Loading port.

Tanker due

Table listing tankers due with columns for Name of vessels, Date of arrival, L.Port, Local agent, and Date of arrival.

Vessels of Kutubdia

Table listing vessels of Kutubdia with columns for Name of vessels, Cargo, L.Port, Local agent, and Date of arrival.

Vessels at outer anchorage

Table listing vessels at outer anchorage with columns for Name of vessels, Cargo, L.Port, Local agent, and Date of arrival.

Vessels not ready

Table listing vessels not ready with columns for Name of vessels, Cargo, L.Port, Local agent, and Date of arrival.

The above are shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.