Uncertainty over Mercosur integration

US firms more likely to enter Brazil market

BUENOS AIRES, Feb 17: Uncertainty over whether Brazil, Argentina, Paraguay and Uruguay will follow through on plans to deepen their economic ties has made US companies more likely to set up in Brazil than those other nations, a consultant said, reports Reuters.

A series of trade disputes last year within Mercosur, the world's third-largest trade block of 213 million people with combined economic output of $1 trillion, only added to investor concerns, Thomas Andrew O'Keefe of Washington-based Mercosur Consulting Group Ltd, told Reuters late on Tuesday.

"There's concern about how seriously committed Argentina and Brazil are to the integration process," said O'Keefe, who advises US investment bankers and high technology firms.

Latin America and the Caribbean for the first time ever last year received more foreign direct investment than Asia at $97 billion versus $91 billion, preliminary United Nations trade figures released last month showed.

"If you are not very sure if this (closer ties among Mercosur nations), isn't going to work or continue, you'll tend to put any investment, particularly building a factory, in Brazil for no other reason than it's the largest market and the feeling begin that if the whole thing falls apart you're still going to be in by far the most important market," O'Keefe said.

US investors at times are confused by statements that are "exaggerated or taken out of context," which leads them to be more cautious in their approach to the region, he added.

Last week, for example, two Argentine newspapers seized on statements by Brazilian Foreign Trade Secretary Jose Luis Botafogo about his nation last year considering leaving Mercosur.

Botafogo's office firmly denied that Brazil ever planned actually to withdraw from the 5-year-old customs union. But it said that it did review three options during last year's trade crisis: withdrawing from the trade block; maintaining its current customs policies; or deepening its trade ties with fellow block members.

"He (Botafogo) made it very clear that the Brazilian government decided to strengthen (its trade ties with) Mercosur," a Brazilian Foreign Minister spokesman said.

Qantas Airways Managing Director and CEO James Strong (R) announces a record half-year profit as Chairman Gary Pemberton (L) looks on in Sydney yesterday. The Australian flag carrier's net profit rose by 52 per cent to USD 220 million. — AFP photo

Merging Asahi, Tokai banks' securities business extend

TOKYO, Feb 17: Two major Japanese banks due to merge next year moved to bolster their securities business today by raising their stakes in a second-tier brokerage house, which will then merge with another broker, says Reuters.

Analysts say the move by Asahi Bank and Tokai Bank shows an increasing awareness among Japanese banks of the need to expand their range of securities products, such as investment trusts, to grab a larger share of the lucrative personal finance business.

"This will allow the Tokai-Asahi group to offer full-line financial services, including securities," said Mitsumasa Okamoto, senior analyst at Merrill Lynch."

Asahi and Tokai said on Thursday that they had agreed to acquire stakes of 11.5 per cent each in Tokyo Securities from Nikko Securities for an undisclosed sum.

As a result, Tokyo Securities will be owned 13.8 per cent by Asahi Bank, up from 2.3 per cent now, land 12.7 per cent by Tokai Bank, up from a current 1.3 per cent, they said.

After their announcement, Tokyo Securities and Tokai Maruman Securities, another second-tier brokerage house with close ties with Tokai Bank, announced that they had agreed to merge on October 1, 2000. This will create Japan's eighth largest brokerage house with combined clients' assets of around 2.5 trillion yen ($23 billion).

Asahi and Tokai said last year they would establish a joint holding company by this October, creating the nation's third-biggest banking group with assets of 59 trillion yen. Their operations will be integrated by October 2001.

Intensifying competition in brokerage industry

Competition has been intensifying in Japan's brokerage industry, especially since last October when brokerage fees were liberalised.

This prompted top-tier brokerage houses to sell unnecessary stakes in smaller brokers to help improve the quality of their asset, which in turn encouraged some major banks to buy them to extend their reach into the securities business, analysts say.

Last December, Nomura Securities sold 31.68 million share in Kokusai Securities 8615.T to Bank of Tokyo Mitsubishi (BTM) raising BTM's stake in Kokusai to 13.34 per cent from 1.3 per cent.

Analysts say that top-tier brokers like Nomura and Nikko see less need to maintain large stakes in smaller retail brokers because they already have their own strong retail outlets and also because they have to streamline their operations.

Clinton, labour readying for fight

Moore in Beijing for talks on China's WTO bid

BEIJING, Feb 17: World Trade Organisation (WTO) chief Mike Moore arrived here today for three days of talks on China's 13-year bid to join the global trade body, the official Xinhua news agency reported, says AFP.

Xinhua said Moore would hold a series of meetings with Chinese leaders and officials from the ministry of foreign trade and economic cooperation (MOFTEC).

Moore said in Singapore on Monday he wanted China to become a full member of the organisation by the end of the year.

But the WTO director general, who flew in from Bangkok where he attended at key meeting of the United Nations Conference on Trade and Development (UNCTAD), warned the remaining process for China's accession would be very complex."

China sealed a key trade deal with the United States on WTO entry last year, but it has yet to agree terms with the European Union. A senior EU trade delegation is due in Beijing next week.

An AP report from Washington says, President Bill Clinton pledged to push for a quick vote on granting China normal trade relations while his top trade negotiator told Congress that rejection of the effort would be "devastating" to US-Chinese relations.

"I believe this agreement with change China from within more than all the other economic opening of the last 20 years combined," Clinton said at a White House news conference Wednesday.

But in a sign of what is shaping up as one of the biggest legislative fights this year, labour leaders announced they would begin running a "No blank check for China" television and radio ad campaign next week."

While US businesses and farm groups lobby in support of a measure they believe will boost their export sales by billions of dollars in the world's largest market, opponents argue that deal is bad for US workers.

"The vote over normal trade relations with China is a vote over whether to accelerate the global race to the bottom," AFL-CIO union President John Sweeney told reporters at the labour group's winter meeting in New Orleans.

Those opposing the elimination of the annual vote in Congress on China's trade status argue that it will take away their leverage to influence China's policies in such areas as human rights and religious freedom.

China agreed to drop high barriers to US products as part of its bid to win membership in the 135-member World Trade Organization, the Geneva-based body that sets the rules for global trade.

However, administration officials say that US exporters won't gain the full benefits of China's trade offers until Congress eliminates the annual review of China's trade status and permanently grants China the same low tariffs enjoyed by all other WTO members.

Senior govt economist says

China needs reform to revive FDI

BEIJING, Feb 17: China should revamp its regulations on foreign investment to help boost capital inflows as it braces for WTO entry , a senior government economist said, reports Reuters.

"Joining the WTO will certainly be favourable for foreign investment," said Ma Yu of the Academy of International Trade Economic Cooperation, a think-tank affiliated to the Foreign Trade Ministry.

China singed a historic trade pact with the United States in November that clears its way to membership of the World Trade Organisation and holds talks with the European Union on a similar deal next week.'

Under the Sino-US accord, China agreed to lower tariffs and give foreign investors wider access to its banking, telecommunications and insurance sectors.

But foreign firms in China will still face myriad restrictions ranging from licencing, geographic and equity limitations to export requirements.

Ma said foreign investment, which declined last year for the first time in more than two decades, would not regain momentum unless the government eased some of the restrictions.

"It will be very difficult if we continue to apply the examining-and-approving system on foreign investment," he said.

"It's no longer necessary to set equity limitations on foreign investors in manufacturing industries, Ma said.

China still maintains a 50 per cent limit on foreign investment in automobile and several other industries. Foreign banks and insurance companies wait patiently in long queues for licences to operate.

Actual foreign direct investment (FDI), a main engine of the economy, fell to $40.4 billion last year from a record $45.6 billion in 1998, according to official statistics.

"The FDI could decline further this year, probably lower than $40 billion," Ma predicted.

China's contracted FDI slipped 18.9 per cent last year to $41.2 billion, official data showed.

The importance of money from abroad is reflected by the fact that foreign-invested firms produced nearly half China's exports last year and around 15 per cent to fixed asset investment.

State media attribute the investment decline to recovering Asian economies luring some funds away from China, where deflation has cut profits.

But Ma said an underdeveloped legal infrastructure and a lack of rules on acquisitions and mergers between Western companies were also behind falling FDI.

Asian Stocks Roundup

Markets close mixed

HONG KONG, Feb 17: Asian stock markets closed mixed Thursday, with the Japanese market rallying while several smaller bourses plunged on negative local factors, says AP.

In Tokyo, the benchmark 225-issue Nikkei Stock Average gained 192.22 points, or 0.98 per cent, to 19,791.40. On Wednesday, the average had gained 1.2 per cent.

Share prices began trading lower following a drop on Wall Street overnight, but rallied later in the day on heavy buying of blue chips.

In New York Wednesday, the Dow Jones Industrial average fell 156.68 points, or 1.5 per cent, to 10,561.41.

Hong Kong share prices fell on Wall Street's slump, erasing earlier gains on unconfirmed rumours of a telecommunications deal.

The JSX Composite index ended down 21.728 points, at 600.174.

Elsewhere :

BANGKOK: Thai shares ended sharply lower for the third consecutive day. The SET Index lost 17.02 points, or 4 per cent, to 405.81.

KUALA LUMPUR: Malaysian shares ended higher on foreign buying. The Composite index closed up 8.05 points, or 0.8 per cent, at 1,006.82.

MANILA: Shares closed lower on news that a friend of President Joseph Estrada has been accused of stock manipulation. The Philippine Stock Exchange Index finished 25.24 points, or 1.3 per cent lower at 1,869.71.

SEOUL: South Korean shares ended higher as foreign investors scooped up shares. The Kospi rose 18.02 points, or 2 per cent, to 897.52.

SINGAPORE: Share prices rose, boosted by strong interest in technology and Internet-related stocks. The Straits Times Index rose 17.73 points, or 0.8 per cent, to 2,230.05.

SYDNEY: Australian shares ended slightly lower on losses in the banking and media sectors. The All Ordinaries Index closed down 3.4 points, or 0.1 per cent, at 3,144.9.

TAIPEI: Taiwan shares rallied 1.4 per cent as investors cheered presidential campaign rhetoric over possible direct investments in mainland China. The Weighted Price Index rose 137.71 points, or 1.4 per cent to 10,202.20.

WELLINGTON : New Zealand shares closed higher for a third straight session. The NZSE-40 Capital Index rose 7.97 points, or 0.4 per cent, to 2,095.08.

Exchange Rates

Following are yesterday's **Standard Chartered Bank** rates of major currencies against Taka.
Central Bank USD/BDT rate: Buying-BDT 50.85/Selling-51.15

Selling		Currency	Buying		
TT/OD	BC		TT Clean	OD Sight Doc	OD Transfer
51.2300	51.2700	USD	50.8200	50.6516	50.5631
0.4795	0.4798	JPY	0.4497	0.4482	0.4475
31.8773	31.9022	CHF	30.9331	30.8306	30.7206
31.3717	31.3962	SGD	29.3927	29.2953	29.2441
36.2459	36.2742	CAD	34.0183	33.9056	33.7786
5.9569	5.9616	SEK	5.8501	5.8307	5.8185
33.3815	33.4075	AUD	30.5479	30.4467	30.2418
13.6268	13.6375	MYR	13.2327	13.1888	13.1555
6.6349	6.6401	HKD	6.4802	6.4588	6.4450
13.7700	13.7808	SAR	13.4423	13.3978	13.3638
14.0034	14.0743	AED	13.7210	13.0756	13.0406
0.0456	0.0457	KRW	0.0448	0.0446	0.0446
83.0643	83.1292	GBP	80.8343	80.5664	80.2740
51.2249	51.2649	EUR	49.3665	49.2029	49.117[illegible]

Usance export bills

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7152	50.4023	49.9846	49.5042	48.9821	47.8126

Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Tha Baht	Mal. Ringit	Indo. Rupiah	Sing. Dollar
43.57/43.62	51.89/51.90	37.64/37.69	3.7995/05	7374/7394	0.4917/24

US/Dollar				Libor			
	Buying	Selling		1 Month	3 Months	6 Months	12 Months
Cash Notes	50.65	51.25	USD	5.88	6.09	6.32	6.79625
T C	50.6	51.2	GEP	6.15563	6.2625	6.44406	6.8125

Market Commentary

On Thursday, activities in local foreign exchange and money market was subdued due to the opposition-sponsored hartal. The market will resume operation next week.

The much talked-about IFO business climax index for January was released at around 3 pm local time. Higher than expected rise in the index helped Euro surge against US dollar. US dollar crossed 110 yen level in Asian trading on reports that Japanese domestic currency debt may be downgraded by the ratings agency, Moody's Investors Service. Pound Sterling also appreciated on release of strong UK retail sales data for January. Market waits for the outcome of Humphery Hawkins testimony on monetary policy and the state of economy by Federal Reserve chairman due later today.

Shipping Intelligence

CHITTAGONG PORT

Berth position and performance of vessels as on 16.2.2000

Berth no	Name of vessels	Cargo	L port call	Local agent	Date of arrival	Leaving
J/1	Banglar Kakoli	GI(Repair)	Male	BSC	31/12	19/2
J/2	Min Jiang	GI	MUMB	BDSHIP	13/2	19/2
J/3	Sea Bird-1	Wheat(G)	Mong	Benam	17/1	16/2
J/4	Martina	GI	Yang	SMSL	13/2	21/2
J/5	Eco Elham	GI(GIT)	B ABB	KAF	29/1	19/2
J/8	Pacific Challenge	C Clin	Pada	NWSL	10/2	20/2
J/10	Saigon-1	Urea(G)	Bont	Royal	31/1	19/2
J/11	Phoneix-M	Wheat(G)	KDia	Benam	R/A	19/2
J/12	Jurong Balsam	Contq	Sing	NOL	14/2	19/2
J/13	Achiever	Cont	P.Kel	RSL	13/2	17/2
CCT/1	Banga Biraj	Cont	P Kel	Bdship	16/2	20/2
CCT/2	Banglar Shikha	Cont	Sing	BSC	15/2	17/2
CCT/3	Bunga Mas Lapan	Cont	P Kel	EOSL	13/2	19/2
RM/14	Lissom Leader	C Clink	Kant	Sentrans	26/1	18/2
Rm/15	Fair Spirit	R.Phos	sing	Atlantic	27/1	-
CCJ	Wrestler-1	C.Clin	Pada	Delumure	12/2	20/2
GSJ	Sea Bira-1	What9G)	Mong	Benam	17/1	18/2
TSP	Clover Trust	R.Phos	Jedd	Seacom	11/2	21/2
RM/6	Ocean Pride	Urea(G)	Sign	PSAL	11/2	27/2
DOJ:	Banglar Jyoti	C Oil	-	BSC	R/A	17/2
RM/8	Banglar Doot	Repair	-	BSC	R/A	18/2
RM/9	Banglar Robi	Repair	Mong	BSC	11/2	28/2
SM-10						
	Tug Macare	Empty	Chand	Karna	R/A	
	Dredger: Whomat	Empty	Chand	Karna	R/A	

Vessels due at outer anchorage

Name of vessels	Date of arrival	L port call	Local agent	Cargo	Loading port
Sailor-1	16/2	-	SBS	Urea(G)	-
Kota Cahaya (Cont) 6/2	16/2	P.Kel	EOSL	Cont	Sing
Delos-1	23/2	-	PSAL	cement	-
Sea Belis	18/2	Kanja	Mbl	C.Clink	-
General Kazim Orbay	16/2	indo	SBS	Cement	-
Orient Star	21/2	Yang	Angelic	Tice(P/GI	-
Ever Brisk	17/2	Sing	QCSL	Cont	Sing
Tiger River	17/2	-	Nol	Cont	Sing
San Pablo	19/2	P Kel	JF	Vehi	-
Banglar Moni	18/2	Sing	BSC	Cont	Sing
State of Orissa	18/2	-	SSLI	E/L	Anti
Hang Fu	18/2	Sing	PSAL	C Clink	-
Sammi Frontier	18/2	Sing	ANCL	c.Clink	-
Orange Breeze	19/2	Sing	Everett	vehi	-
Ever Wealttiy	20/2	Yang	Everett	GI	-
Tug Ocean Echo	20/2	Sing	OTL	-	-
DAFA (Cont) 3/2	19/2	Sing	RSL	Cont	Sing
Sun Ocean	21/2	Ruwa	Sanymrine	Urea(G)	-
Osg Argosy	19/2	-	Baridhi	Cont	Col
X-Press Niligiri	21/2	-	RSL	Cont	Sing
Banga Birol	21/2	-	Bdship	Cont	Sing
Kota Sing	21/2	Sing	Pil(Bd)	Cont	sing
OSS Alpha	23/2	-	RSL	Cont	Sing
Kota Berjaya	24/2	-	Pil(BD)	Cont	Sing
Oritnt Lilac	25/2	-	Everett	St C Oil & GI	-
QC Pintail	25/2	-	QCSL	Cont	Sing
Teresa Everett	27/2	-	Everett	ST C Oil/GI	-
Qc Teal	23/2	Sing	QCSL	Cont	Sing

Tanker due

Radwan	19/2	Bah	Atlantic	HSD&JP-1	-
Horsham	18/2	-	Atlantic	SKO&JP-1	-
Nol Artes	21/2	Baha	OWSI/ECSL	P Product	-

Vessels at Kutubdia

Name of vessels	Cargo	L Port call	Local agent	Date of arrival
Vessels of Kutubdia				
Energury exdplorer-IV	-	-	BBAL	-
Ismaya	-	-	BBAL	-
MFB Devi Matha	-	-	BBAL	-
MFB Sona	-	-	BBAL	-
Lanshmi	For-Survery	Purpose	BBAL	-
DEA Conqueror	-	-	BBAL	-
SMT Lloyd-74	-	-	BBAL	-
Seabulk Command	-	-	IBS	-
Aspioos-II	C Oil	Rast	BSL	-
Banglar Shourbabh	C Oil		BSC	R/A (16/2

Vessels at outer anchorage

NIL

Vessels not ready:

Project Arabla	E/L	Sing	Sunshine	9/2
AL Pinia	Wheat	Rosa	Seaglory	12/2
Ventura	Cdso	Durb	Rainbow	14/2
AL Shams	C Clink	Karab	RML	14/2

Vessels awaiting instruction

Xing Ye	Rice(G)	-	MHCSL	R/A(20/2)
Revenge	-	-	Sunshine	R/A (9/10)
Phaethon	-	-	OWSL	R/A (21/12)
Tug Magarita	-	Manda	BBAL	17/9
Banglar Gourab	-	-	BSC	R/A (20/1)
Banglar Urmi	-	-	BSC/Aucient	R/A(6/2)
Banglar Mookh	Ballast	Mong	BSC	11/2
Banglar Robi	ballast	Mong	BSC	11/2
Al Marzan	-	-	-	R/A
Banglar Kallol	-	-	BSC	R/A(15/2)
Makhachala	-	-	TSL	R/A (15/2)
Technoment	-	-	BSL	R/A(10/2)
QC Mallard	-	-	QCSL	R/A(16/2)

Vessels not entering

Togo Charm	Cement	Jaka	SBS	5/2
Tomis West	Sko	N Mang	Atlantic	7/2
Join Jin	Cement	Jaka	SBS	9/2
Calay	Scraping	Sing	OTBL	10/2
Kriti Ambassador	Scraping	Sing	Seacom	12/2
Karya Sentosa	Rice(g)	-	USTC	R/A (18/9/98)

Movement of vessels for 18. 2. 2000

Outgoing		Incoming		Seifting			
RM/14	L Leader-5.0	Sun Pablo-6.5	J/3	RM/6	Ocean	Pride 6.8	
GSL	Seabird-1 5.0	E Brisk-7.9	CCT/3	J/11	Phoenix-M	6.0	GSJ
RM/8	B Doot-5.0	B Jyoti-7.2	DOJ				
		B. Urmi-5.5	RM/8				

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