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The Daily Star BUSINESS

DHAKA, SUNDAY, APRIL 30, 2000

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OOCL extends its coverage of Europe, North America

The recent announcement by the Grand Alliance to enter the transatlantic trade provides Orient Overseas Container Line (OOCL) with a stronger market position in Europe and North America, says a press release.

The Grand Alliance service will provide OOCL with five separate weekly loops serving an extended range of direct ports in Europe, the USA and Mexico.

This complements OOCL's existing three separate weekly loops linking North European ports to Montreal. These services cover Canada and the full range of USA Mid-West markets.

Courtenay Allan, OOCL's Transatlantic Trade Director, comments, "This means OOCL will have eight separate weekly services providing the most comprehensive coverage of the trade between North Europe and Canada, Mexico, and the USA. We are delighted to be able to extend the range of our services at a time when market conditions are buoyant in this trade."

In Europe OOCL operates its own dedicated Scan Baltic Express (SBX) service connecting North Europe with Poland, Russia and Finland. This service provides optimum connections with the services to and from North America giving excellent transit times as well as reliability for the Baltic region.

S'pore-Japan free trade study moving forward

SINGAPORE, Apr 29: Singapore and Japan are making progress in their study of setting up a free-trade agreement, officials said Saturday, reports AP.

The topic came up during a meeting between Prime Minister Goh Chok Tong and Japanese Foreign Minister Yohsei Kono. Gho's office said in a statement.

Kono noted that the Japan-Singapore joint study on a possible bilateral free trade agreement had thus far achieved more progress than was expected, the statement said.

Goh expressed the hope that both governments would give a push for the successful conclusion of the study and a positive outcome, the statement added.

New chairman of NCLL

Md Saiful Islam has joined NCLL Group as its Chairman, says a press release.

After joining, he introduced Datasoft as new unit of the company recently.

Islam, who is the Managing Director of Picard Bangladesh Limited, studied in Marine Engineering, Picard, a world-renowned leather goods brand, has been operating in Bangladesh since 1996 and Islam joined it in 1997.

He is also one of the directors of Nashanan (Pvt) Limited.

DSE wants SEC representation in its policy-making body

Move seen drawing end to rifts between the two

Star Business Report

Dhaka Stock Exchange (DSE) Senior Vice-Chairman Onu Jaigirdar yesterday said that his policy-making council needs to have representatives from the Securities and Exchange Commission (SEC).

Such a move, he said, will do away with any sort of apprehension and disagreement that may be there or sprout between the two in future. Jaigirdar has just returned from Mumbai after attending a two-day South Asian Federation of Exchanges (SAFE) conference which was attended by as many as 18 regional stock exchanges.

"Of these SAFE member bourses, 17 has at least two securities council nominees in the boards of their respective policy-making bodies," Jaigirdar said, while giving a

presentation on their participation in the SAFE gathering before the journalists at DSE yesterday.

Jaigirdar said that a settlement guarantee fund should be established for doing away with disputes over trade settlement. Excepting Dhaka, all the SAFE participating members had their own settlement guarantee funds, which ensures smooth trade for the investors.

Jaigirdar said that the number of members should be increased by launching immediate auction/tender, introducing new index and modifying by-laws and the existing rules and regulations.

He also said that all the attending members of the SAFE had a grievance cell to deal with their investors' complaints. "We should not just

leave the complaints of our investors with the SEC," Jaigirdar added.

He said that the bourses should have the first line of defence. "We must not just burden the SEC with everything. Since we are a self-regulatory organisation, we should be able to properly handle and punish the wrongdoers."

Jaigirdar later said that the Dhaka and the Chittagong bourses would soon arrange an investors' conference to get first-hand knowledge about the problems they face in securities trading.

Speaking on the occasion, Vice-Chairman Ahasanul Islam said that the SAFE conference was aimed at encouraging co-operation among the members with a view to promoting development of their respective

securities markets.

"It will work towards ensuring common standards including identical international accounting norms, encouraging best business practices in the securities market, promoting cross-border listing and trade in the region and co-operating in human resource development and technology transfers," Islam said.

He suggested introduction of the "carry-forward" system, which is a settlement mechanism and not a separate trading instrument.

Islam also said carry-forward helps in lowering the cost of borrowing funds and securities in a transparent and efficient manner. This again addresses the need for short seller through automatic stock lending.

IMF promises talks as Pakistan agrees to repay \$55m in loans

WASHINGTON, Apr 29: The International Monetary Fund (IMF) yesterday promised early talks on a new loan for Pakistan after the government admitted its predecessors lied about tax data and promised to repay \$55 million in IMF loans, says Reuters.

A three-page statement issued after an IMF board meeting said the fund hoped Pakistan could now bring in a "bold and wide-ranging reform programme" to guarantee long-term growth, and that the IMF could support these reforms with a new credit.

"A mission to Islamabad is envisaged in the near future," IMF Deputy Managing Director Eduardo Aninat said in the statement, which gave no clues about how much money the IMF might now be prepared to lend.

Pakistan's military-led government said on Thursday it was looking for a new IMF credit to replace the \$1.56 billion loan agreed by the previous administration. The IMF said the new government had promised to repay almost \$25

million from the old loan "promptly" and a further \$30 million by May 31.

The government, headed by military ruler General Pervez Musharraf, has promised far-reaching reforms to win new cash. It admits the civilian administration of ousted premier Nawaz Sharif understated the budget deficit for the last fiscal year, pegging it at 3.4 per cent of gross domestic product instead of six per cent and encouraging the IMF to lend money.

Aninat, using strong language for the traditionally cautious IMF, said in his statement that the misreporting was a serious matter. "Directors expressed serious concern that the erroneous data had misled IMF staff and the executive board about economic performance, prevented the formulation and implementation of timely corrective measures and resulted in the design of an adjustment programme that was partly based on inaccurate information," he said.

"They also noted that the provision of inaccurate data

had allowed Pakistan to make substantial (borrowings) that otherwise may not have been available."

The IMF, under fire from the left and the right of the political spectrum, has been cracking down on how countries use its money after the Pakistani misreporting and after Russia and Ukraine provided misleading data on central bank reserves.

It now obliges borrowers to commission independent audits of central bank activities, and promises further checks if initial surveys hint that something may be going wrong. "Directors emphasised that accurate reporting was crucial in maintaining trust between the IMF and its members, which is fundamental to the work of the IMF as cooperative institution," Aninat said.

"Therefore, Directors strongly urged Pakistan to take timely actions to prevent a recurrence of similar problems." Aninat said he hoped a new programme of economic reforms could be backed by a new IMF loan.

Blair wants to see more British over 50s working

LONDON, Apr 29: Prime Minister Tony Blair today backed calls for curbs on early retirement before the age of 55 in a bid to get millions of "grey" workers off the employment scrap heap and back to work, reports Reuters.

Blair said recommendations in a government report, "Winning the Generation Game", aimed to tap "grey" power and stop older workers being axed in favour of younger, cheaper staff.

"Not only are we wasting the resource older people represent, but there will be huge social and economic costs if present trends go unchecked," Blair said in his introduction to the report.

"Its conclusions, which the government has accepted, are a challenging blueprint for action."



Shah Abdul Hannan, Director of Islami Bank Bangladesh Limited, addresses as chief guest the closing ceremony of an internship programme for the MCom (Final Year) students of the Finance and Banking Department, Dhaka University, held recently at the Islami Bank Training and Research Academy (IBTRA).

— IBBL photo

Workshop on e-business held in city

A day-long workshop on e-business, e-commerce was held on Saturday at Pan Pacific Sonargaon Hotel, Salil Agrawal, an eminent e-commerce expert from India, conducted the workshop, which was inaugurated by R Sethu Venkateswaran, Chief Executive of Standard Chartered Bank.

In his inaugural speech, the StanChart chief executive said companies who have not initiated changes in the context of requirement for the 21st century would soon go out of business. E-commerce is going to be the new order of business for today and tomorrow, he mentioned. He gave a number of examples of how companies have been desperately changing their management styles in order to cope with the new millennium challenges, says a press release.

The workshop was participated by chairmen, managing directors, directors, general managers and senior executives of multinational subsidiaries, foreign oil companies, local industrial groups and national and international NGOs.

Companies and organisations represented in the workshop are AP Group of Industries, Singer Bangladesh Limited, Industrial Leasing Company of Bangladesh Limited, Heed Handicrafts, Beximco Textile Mills Limited, Delta Life Insurance Company Ltd, Aziz and Company Ltd, Padma Textile Mills Ltd, Transcom Electronics Limited, Bank of Small Industries and Commerce Bangladesh Limited, Rahimafrooz (Bangladesh) Ltd, Unocal Bangladesh Ltd, Genesis System Ltd and Biman Bangladesh Airlines.

Glickman warns US Congress against China pact rejection

Move seen cutting ties with whole of Asia

HONG KONG, Apr 29: US Agriculture Secretary Dan Glickman today warned that a rejection by Congress of permanent normal trade relations (PNTR) with China would be a first step towards cutting ties with the whole of Asia, says AFP.

"The president (Bill Clinton) feels very strongly that if this vote goes down, it would be the first step for the United States to disengage from Asia in the post-Cold War era."

"That would be a very dangerous thing for America to be doing," Glickman said, speaking at a meeting with the American Chamber of Commerce in

Hong Kong. Glickman arrived here Friday from a fact-finding trip to China where he and a delegation, including four members of Congress, have been studying China's commitment to market-opening agreements.

"It is a profoundly different China than it was 25 years ago, and that message really isn't getting home."

"The adversaries (of the agreement) are characterising China in a way that certainly isn't fair," he said.

The vote by the US House of Representatives on Clinton's proposal to establish PNTR will take place in the week of May 22

and is expected to be close. African-American Gregory Meeks, a Democrat Party Congressman from New York, was undecided, saying he did not want to see a repeat of what he described as the tyranny of early capitalism in his country.

"I want to make sure that China has the opportunity to develop as a great nation, that their people are not taken advantage of."

Ruben Hinojosa, a Texas Democrat, was also cautious after witnessing how the North American Free Trade Agreement (NAFTA) caused unemployment in his district.

Seattle police chief blamed for WTO chaos

SEATTLE, Apr 29: Law enforcement experts hired by the mayor to determine what went wrong when massive protests disrupted last year's World Trade Organisation (WTO) meeting say former Police Chief Norm Stamper should bear the brunt of the blame, reports AP.

But in their report released Friday, the experts, R M McCarthy and Associates and Robert Loudon, also pointed a finger at Mayor Paul Schell, Assistant Police Chief Ed Joiner and all government agencies involved in security

planning, as well as the demonstrators and the media.

More than 40,000 protesters mobbed Seattle during the WTO meetings Nov 30 through Dec 5. Overwhelmed police were unable to control the crowds, forcing the cancellation of opening ceremonies and leaving more than \$2.5 million in vandalism and property damage downtown.

The National Guard was called in to clear the protesters, and more than 500 people were arrested.

"Chief Norm Stamper was

virtually absent from any role of leadership or direction related to the preparation and planning for the World Trade Organisation conference."

The report's authors said they were told that was Stamper's management style. "If so, it was a mistake of a large proportion," they wrote.

Stamper, 55, announced his retirement Dec 7, just days after the WTO trade talks collapsed, and left office in February. He could not be located for comment Friday.

Soros will no longer wager billions in daring market speculation

World's largest hedge fund overhauled

NEW YORK, Apr 29: Overhauling the world's largest hedge fund after steep losses in technology stocks and the euro, US financier George Soros said yesterday he would no longer wager billions in daring global market speculation, reports Reuters.

"The days of our large macro bets are over," said the 69-year-old Soros, who gained celebrity status for making massive currency bets, often against the might of major world governments.

Announcing a restructuring of his flagship \$8.5 billion Quantum Fund, to be relaunched as the Quantum Endowment Fund, Soros said he planned from now on to "manage

my money differently," taking fewer risky positions in return "for a more reliable stream of income to fund my charitable activities."

Stanley Druckenmiller and Nicholas Roditi, his two top fund managers, are leaving after assets dropped \$5 billion this year and Quantum lost 20 per cent in the first three-and-a-half months of this year.

"I screwed up. I should have got out of (the Nasdaq market) in February," said the 47-year-old Druckenmiller, who ran the Quantum fund for the last 12 years.

Renowned for making well-timed currency bets, Soros funds ploughed into technology stocks late last year in a temporarily successful bid to recoup earlier losses, ending 1999 up 35 per cent.

But as tech stocks took a beating this month, so did the Soros funds. A wrong-way bet on Europe's single-currency compounded the losses, with Quantum losing a fifth of its value in the first two weeks of April.

The Nasdaq composite index is down around 25 per cent from its all-time peak of 5,048.62 hit on March 10. The euro has lost nearly 10 per cent against the dollar this year.

"I never thought the Nasdaq would drop 35 per cent in 15 days," Druckenmiller said. "This business is a bit like a drug. When you are doing well,

it's hard to quit."

He added that Quantum has sold assets in recent weeks to build up cash for redemptions.

Hedge funds are private investment vehicles for wealthy individuals and institutions. They often make out-sized bets with borrowed money. The large size of their investments often have ripple effects in financial markets.

Soros move is the latest shakeout in the high-profile hedge fund industry.

Long-Term Capital Management LP, run by former Salomon Brothers bond chief John Meriwether, nearly collapsed in 1998 after Russia's debt default triggered a panic reaction in financial markets.

Executives defend drilling on disputed Colombia lands

HR activists boo Occidental at shareholders' meet

SANTA MONICA (California), Apr 29: Human rights activists heckled and booed Occidental Petroleum executives who defended a plan to drill near Indian lands in Colombia during the company's annual shareholders meeting, reports AP.

The company contended that it has enhanced life for the U'wa tribe by spending US \$24 million on schools, health clinics and other aid. That did little to appease a group of about 20 activists who had purchased small amounts of stock in order to attend the meeting Friday.

Occidental executives attempting to defend the company's position during the meeting were interrupted with shouts of "Lies!" "Speak the

truth" and "Shame!" The protesters included U'wa leaders and representatives of Amazon Watch and Amnesty International.

"They want to destroy the world," Roberto Perez, president of the U'wa Traditional Authority, said during a rally that preceded the shareholders meeting. "Right now is the moment to demand respect. Oxy has entered into private territory of indigenous peoples."

Most of the estimated 8,000 U'wa members live on a reserve that includes lands claimed by the tribe as ancestral territory. Tribal leaders and activists in the United States contend that oil drilling would desecrate ancestral lands that are not on the reservation.

U'wa leaders have said they've asked their people to commit mass suicide if oil wells are developed on ancestral lands.

The reserves on the land at issue are estimated to have 2.5 billion barrels of oil. Occidental has been trying to develop the land since 1992.

A Colombian court recently put the Occidental project on hold, saying the U'wa should have been consulted before the government gave the company a license to drill.

"Quite frankly, if you really have a problem, you should go to Colombia and take it up with the Colombian government," Ray R. Irani, the company's chairman and chief executive officer, told the protesters

Commodity: Weekly Roundup

Oil stable on concern over inadequate market supply

LONDON, Apr 29: Oil prices were relatively stable as dealers expressed concern that supplies will not be adequate to meet the demands of the approaching "US driving season" over the summer months, in spite of the release of stronger-than-expected US stocks figures, reports AFP.

Brent North Sea crude for June delivery fell to 23.90 dollars a barrel in London compared with 23.64 dollars a week ago.

In New York, light sweet crude for June delivery slipped to 25.42 dollars a barrel compared with 25.80 dollars last Wednesday before the long

Easter weekend.

The market has been perturbed by protracted uncertainty about the real supply situation following the Organisation of Petroleum Exporting Countries (OPEC) decision at the end of March to increase its output to help stabilise prices.

Some of that uncertainty should be dispelled by OPEC's production surveys for April, expected to be published next week, which should provide an insight into the real impact.

Rubber: Flat. Rubber prices were depressed in calm trading ahead of the long May Day weekend while dealers in London said the weakness of the

euro restricted European sales.

The London rubber index was unchanged from last week at 500 pounds per tonne (for May delivery).

In Kuala Lumpur, the SMR20 index covering rubber used in tyre-manufacture slipped to 2.49 from 2.61 ringgit.

Cocoa: Colder. Cocoa prices fell back on surplus of supplies from Ivory Coast, the world's largest producer.

July contracts on the London market fell to 574 from 613 pounds per tonne a week ago.

In an attempt to boost prices that have fallen to 27-year lows in recent weeks, the International Cocoa Organisation has

asked producers to withhold supplies of low-grade beans, but the plan has yet to take effect.

Coffee: Cold. Coffee suppliers are also seeking to reduce international supply to revive prices from seven-year lows.

Robusta contracts in London (for July delivery) fell to 920 dollars a tonne from 950 dollars.

In New York, Arabica (for July delivery) slipped to 97.45 from 99.40 cents a pound last week.

Sugar: Dissolving. Sugar prices weakened amid a supply surplus.

In London, August contracts fell to 197.3 dollars a tonne

Host agreements initialled for Caucasus pipeline

WASHINGTON, Apr 29: Georgia, Turkey and Azerbaijan initialled yesterday the host government agreements which set the legal framework for investment in the oil pipeline from Azerbaijan to the Black Sea through Georgia, says Reuters.

The package, which had been awaiting an acceptable host government agreement between the three governments can now go to potential investors in the pipeline, which is expected to cost \$2.7 billion, a US official said.