

# World economy more balanced as US slows, Europe grows

WASHINGTON, June 3: Prospects for a more balanced pattern of economic growth around the world brightened yesterday as evidence came of a slowing in the surging US economy along with stronger growth in once-moribund Europe, says Reuters.

Government reports released on both sides of the Atlantic showed the United States and European single currency zone economies — which represent more than a third of world output — appeared to be moving toward more similar rates of economic growth.

"Overall, we're seeing much better prospects for the world economy than in the last two years," said Greg Mount, senior international economist at Bank One Corp, in Chicago.

This is likely to please US policymakers as they have fretted in recent years that the world economy was like a one-engined plane, powered by the US economy alone.

Treasury Secretary Lawrence Summers has bluntly told his peers in Europe and Japan that they must do more to stimulate growth and to stop this economic imbalance as it could lead to major problems. Among them has been a huge US current account deficit, worth about 4 per cent of gross domestic product.

The biggest piece of news on

Friday that this imbalance in world growth might be changing came with the US May employment report, which saw the unemployment rate rise from a 30-year low and private-sector hiring stall.

Following other data showing a slowdown, this prompted financial markets and economists to conclude that the world's biggest economy is slowing to a more sustainable rate of growth which may mean the Federal Reserve will no longer have to pursue its campaign of interest rate rises to stop inflation.

Meanwhile in Europe, there were signs that growth in the 11-nation euro-zone region has stepped up a gear.

Sharp falls in Spanish and Irish unemployment numbers, a record French purchasing managers report and upbeat signals from German and Italian manufacturing confirmed regional growth and delivering the sort of job creation which will reinforce demands and growth even if conditions elsewhere slow.

The data were followed on Friday by figures showing Spanish joblessness at a 20-year low in May of 9.16 per cent, and Irish unemployment at a record low 4.6 per cent last month.

Purchasing managers' indices for France and Germany giving figures of 64.8 and 59.1 respectively — with anything above 50 indicating expansion — and data from Italy showing

euro-zone growth forecast at around 3.5 per cent this year versus nearly 5.0 per cent in the United States.

What pleased economists most about the European data was that it showed growth was being generated internally and that it did not rely exclusively on exports.

"French unemployment tells us euro-zone recovery is moving to a new footing. It is not just an external demand story. Europe is starting to generate crucial domestic demand," said Darren Williams, European economist at Donaldson, Lufkin & Jenrette.

And risks still abound in the giant US economy.

Broadbush was among Federal Reserve officials who warned this week that inflation in the United States may still be moving to a higher level, suggesting that he, for one, was not ready to let up from the policy of moving interest rates up to stop the economy from overheating.

Some analysts fear such a policy risks ending the record-breaking expansion with a recession. This would have drastic implications for world demand and would hit European exporters who have gained from the euro's recent slide.

It would also hurt the fragile Japanese economy, where economic recovery is still at an early stage, and stop the rebound in the emerging market economies of Asia and Latin America from their crises of 1997-99.

Analysts said the European data was exactly the evidence needed to revive the fortunes of the euro currency, which has dismayed many in Europe by falling sharply against the dollar after its launch in 1999.

Much of this fall is due to differing expectations of growth in the two economic blocs, with

the euro also hitting the fragile Japanese economy, where economic recovery is still at an early stage, and stop the rebound in the emerging market economies of Asia and Latin America from their crises of 1997-99.

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## AIBL computer training course concludes

Star Business Report

The 6th computer training course of Al-Arafah Islami Bank Limited (AIBL) ended at its Training Institute in the city on Thursday.

Chairman of the Board of Directors of the bank, A Z M Shamsul Alam, was the chief guest at the closing session of the course, says a press release.

Managing Director of the bank, Mohammad Hossain, presided over the function.

15 officers of different grades of the bank participated in the course.

Speaking on the occasion, the chief guest urged the officers to adopt new technology as quickly as possible.

The Managing Director said that efforts would be made by the bank management to expand the use of computers in its operations.

Matinuddin Ahmed, Executive Vice President, M A Matin, Vice President and Course Director, and Aminul Islam Bhuiyan, Chief Course Coordinator, also spoke on the occasion.

Indian oil Corp's net profit jumps 10.38 pc

NEW DELHI, June 3: Indian Oil Corp, said yesterday its year-on-year net profit jumped 10.38 per cent to 24.43 billion rupees (561 million dollars) in the year to March 2000, from 22.13 billion rupees in the previous fiscal year, says AFP.

Hirak Dutta, corporate communications manager for the state-run oil marketing company, said profits had come on the back of strong sales. "During 1999-2000, Indian Oil Corp. sold about 48.8 million tonnes of petroleum products against 46.05 million tonnes during the previous year, registering a growth of 6.1 per cent," Dutta said.

"Our market share has grown to 54.47 per cent as we have concentrated on customer service and brand building," he added.

Indian Oil's sales turnover shot up by 35.6 per cent to 942.63 billion rupees from 695.11 billion rupees.

Indian Oil recently announced it would acquire a 35 per cent stake in an Iranian oil field.

IBA Alumni Assoc's Fortnight-2000 programme opens

Star Business Report

A 15-day programme dubbed 'Fortnight-2000' has begun at the auditorium of the Institute of Business Administration of Dhaka University.

Organised by the Alumni Association of the Institute, the programme will continue till the 17th of this month.

Director of IBA, Nurur Rahman, inaugurated the programme yesterday, says a press release.

The Standard Chartered Bank scholarship was distributed on the occasion by Sethu Vankateswaran, Chief Executive of the bank in Bangladesh.

The association also arranged a seminar on 'Private banking in Bangladesh (Past, Present and Future)'. The seminar was presided over by Naser Bukhtear Ahmed, Deputy Managing Director of Prime Bank Limited. The keynote paper was presented by Sethu Vankateswaran.

Addressing the seminar, Naser Bukhtear Ahmed said private banking, as it is practised now-a-days, is a new concept and has a lot of scopes for development. A new breed of wealthy entrepreneurs have come up in recent times who are knowledgeable, sophisticated and are aware of the various banking products around the world.

Sethu Vankateswaran spoke of various challenges in setting up private banking business in Bangladesh.

The seminar was attended by the members of IBA, executives and businessmen.



A comprehensive 6th Computer Training Course for the officers of different categories of Al-Arafah Islami Bank Ltd. ended at its training institute on Thursday. AZM Shamsul Alam, Chairman, Board of Directors of the bank, was present as the chief guest. Mohammed Hossain, Managing Director of AIBL, presided over the occasion, while Matinuddin Ahmed, Executive Vice President, MA Matin, Course Director and VP, and Aminul Islam, Course Co-ordinator, were also present.

— AIBL photo

## US House gears up for fight over withdrawal from WTO

Clinton seek China trade status extension

WASHINGTON, June 3: A week after voting in favour of closer commercial ties with China, the US House of Representatives is gearing up for its next trade police fight — over a resolution that would urge the United States to withdraw from the World Trade Organisation.

There is little doubt over the outcome. White House officials and congressional leaders are confident the measure will be defeated, reaffirming Washington's membership in the Geneva-based World Trade Organisation (WTO), which sets global trading rules.

But they nonetheless expect a heated debate and worry that it may be a closer-than-expected vote, given the large number of lawmakers upset at the WTO for ruling against a multibillion-dollar US export programme and fed up by long-running trade disputes with the European Union.

Under a 1994 law that authorised US participation in the WTO, Congress gets a chance to review Washington's role at the trade body every five years and any lawmaker can introduce a resolution seeking US withdrawal.

Just such a resolution was introduced in March by Texas Republican Representative Ron Paul and four other lawmakers.

Setting the stage for votes in the Ways and Means Committee and the full House.

The committee is expected to

take up the measure next week and send it to the full House with the recommendation that it be rejected, aides said. The House may vote later this month.

The United States is viewed as the world's leader in promoting free trade and the international rule of law. It's unthinkable to withdraw membership," said Greg Crist, a spokesman for Ways and Means Committee Chairman Bill Archer, a Texas Republican.

Many lawmakers are critical of the WTO following the collapse of 1999 global trade talks in Seattle and say the organisation has done little to settle heated transatlantic disputes over bananas and beef.

Paul believes the WTO is an "affront to US sovereignty," according to his chief of staff, Tom Lizardo.

Congressional opposition to the WTO picked up pace in February after the trade body ruled against the US Foreign Sales Corporations (FSC) programme, which provides tax breaks worth billions of dollars a year to major US exporters.

In the face of growing criticism, the White House has rushed to the WTO's defence.

Although the WTO ruled that the FSC violated international trade rules, the United States has prevailed in 23 of the 25 cases before the organisation, according to US Trade Representative Charlene Barshefsky.

Meanwhile, another report

says: President Bill Clinton asked congress yesterday to extend China's trade benefits temporarily until Beijing becomes a full-fledged member of the World Trade Organisation (WTO).

The request was required under US law despite the passage of permanent normal trade relations (PNTR) for China by the House of Representatives on May 24. The Senate is expected to vote on PNTR later this month.

The temporary extension was needed because permanent normal trade relations status will not take effect until Beijing becomes a member of the Geneva-based WTO. China's accession is not expected to take place until later this year.

"This is a stopgap measure until PNTR is enacted," an administration official explained.

Under current law, the president must ask Congress for a one-year extension of China's normal trade relations status by June 3. That sets the stage for a vote in the House if any lawmaker demands one.

Given the House's 237-197 vote in favour of PNTR, Clinton administration officials said there was no need for a vote on the temporary extension.

Although the WTO ruled that the PSC violated international trade rules, the United States has prevailed in 23 of the 25 cases before the organisation, according to US Trade Representative Charlene Barshefsky.

Meanwhile, another report

## Metal Weekly Roundup

### Gold recovers from lows, silver squeezed under stocks weight

#### Platinum and Palladium:

Strong. The price of these two sister metals gained from an announcement from one of three Russian exporters that it would not ship metal this year.

Platinum prices touched an 11-year high mid-week at \$73 dollars an ounce before slipping back on profit-taking to \$553 dollars, which was two dollars lower than during the previous week.

Palladium prices rose to \$72 dollars an ounce from \$63 dollars.

The reaction to the announcement from Gokhrian was short-lived because the agency's stocks of metal are far lower than those held by the Russian central bank.

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Three-month nickel prices fell to \$1,491 dollars a tonne from \$1,419 dollars.

Zinc dipped to \$1,136 dollars a tonne from \$1,176 dollars.

Lead lost 10 dollars to \$436 dollars a tonne.

Tin weakened to \$3.80 dollars a tonne from \$3.415 dollars.

The decline came as workers and management at Inco agreed to a wage settlement that averted strike action at one of the biggest nickel producers in the world.

The threat of strikes at Inco had propelled nickel prices upwards in recent weeks.

For all the weakness, analysts were optimistic about future price rises because of the decline in market reserves and strong demand for stainless steel.

Three-month nickel prices on the London Metal Exchange fell to \$940 dollars a tonne from \$1,035 dollars.

Three-month copper fell to \$1,789 dollars a tonne from \$1,816 dollars.

Aluminium fell to \$1,477 dollars a tonne from \$1,491 dollars.

Zinc dipped to \$1,136 dollars a tonne from \$1,176 dollars.

Lead lost 10 dollars to \$436 dollars a tonne.

Tin weakened to \$3.80 dollars a tonne from \$3.415 dollars.

## State must combine with market economy forces

### 14 centre-left leaders at Berlin summit

BERLIN, June 3: Fourteen centre-left leaders including US President Bill Clinton agreed after a summit in Berlin today that the state should combine with market economy forces to create full employment and social justice, reports Reuters.

The text, which French and German officials provided ahead of a final news conference due at 1000 GMT, also said enhanced institutional frameworks were needed for financial markets, including regulations and corporate codes of conduct.

"We believe market economies must be combined with social responsibility in order to create long-term growth, stability and full employment," said the statement, which the French officials said would be the final declaration of the summit.

The meeting, hosted by Chancellor Gerhard Schroeder, included leaders from five of the G7 rich nations.

Participants include the Italian, French, Canadian and Dutch prime ministers Giuliano Amato, Lionel Jospin, Jean

The 'Conference on Modern

## Government of the People's Republic of Bangladesh

Office of the Executive Engineer  
Public Health Engineering Department  
Dhaka Division, 12/D, Dilkusha Commercial Area  
Motijheel, Dhaka-1000

Memo No-768/DPHE

Dated: 23/5/2000

### Tender Invitation Notice

Tenders in Bangladesh Form No. 2911 in separate sealed envelopes are invited from enlisted renewed class I and class-II 'C' category contractor/establishment of Public Health Engineering Department during 1999-2000 fiscal year for the undermentioned work. All information regarding tender can be known in details till 11/6/2000 during office hours from the office of the undersigned, Public Health Engineering Department, Planning and Design Division, 18-District Water Supply Project Dhaka office and tender forms can be purchased by producing original copies of contractor/enlistment/renewed licence, VAT and TIN on payment of fixed price (Taka 500/-) for the undermentioned work. Tenders will be received till 12/6/2000 at 12:00 Noon in the tender boxes kept at the office of the undersigned, Public Health Engineering Department, Stores Division, Dhaka and Planning Division, 18-District Water Supply Project, Dhaka. Tenders will be opened on 13/6/2000 at 12:00 hours before the contractor/establishment or their representative after arranging the tenders received in the office of the undersigned and Public Health Engineering Stores Division, Dhaka Public Health Engineering, Planning & Design Division, 18-District Water Supply Project, Dhaka Divisional office.

Sl No Description of work Estimated cost Earnest money Time limit for completion of work

1 Work of supply of computer, printer and UPS in the office of the Project Director of the Water Supply in Coastal Area (IDB) 1999-2000. 1,59,550/- 3,200/- 7 days

The authority is not obliged to accept the lowest rate and reserves power to reject any or all tenders without assigning any reason. Detailed terms and conditions of work will be mentioned in the document of the tender concerned.

Md Nuruzzaman  
Executive Engineer, Public Health Engineering Department, Dhaka

DFP-13464-30/5  
G-1067

S M Shahjahan Ali  
Director (W)<br