World oil summit starts in Canada amid violence fears

CALGARY, June 12: World oil leaders arrived in Canada's energy capital yesterday for a four-day summit under heavy riot-police guard, amid fears of violent protests by a loose coalition of environmental and human rights activists, reports Reuter.

Demonstrators from Calgary, a gleaming oil-industry city of 850,000 people, and many from elsewhere in North America have said they planned not to spark a repeat of protests that turned violent last year at a world trade conference in Seattle, but bring environmental issues to the fore during the 16th World Petroleum Congress.

The summit has attracted 2,850 delegates from 95 countries, including members of the OPEC oil-producing cartel. It is one of a series held in various countries since 1933 and the biggest event to hit Calgary since the 1988 Winter Olympics.

Big oil-world names to discuss such issues as surging oil prices and refining technology include OPEC Secretary-General Rilwanû Lukman, BP Amoco Plc chief executive Sir John Browne and Texaco Inc chief executive Peter Bijur.

Under sunny skies on Sunday, about 1,500 people, some dressed as dinosaurs and polar bears and others with small children on their shoulders, chanted and banged drums in a noisy march and rally against the oil industry, as officers lined the streets and police helicopters flew overhead.

But the mood as the march wended its way around Calgary's glass-and-steel skyscrapers was more party than protest, as demonstrators called for an end to oil exploration in sensitive areas, fossil-fuel pollution, investment in countries known for human rights abuses and even to sport utility vehicles.

As protesters chanted for more solar and wind power, local elementary school teacher Randy Stokley said he joined the rally because he believed the anti-oil message should be herd, even if it fell on deaf ears among conference delegates.

"It's part of my feeling toward the oil industry," he said. "I'm not saying all individuals within the oil patch are immoral, but there is an immoral element that needs to be addressed and I'm here for my own conscience."

Job-seekers gather to check out the list of available jobs outside an employment centre in China's southwest municipality of Chongqing Saturday. China plans to smash the "iron rice bowl," the system of life-long state-guaranteed employment, at the state institutions ranging from high-tech labs to publishing houses, a decision that will eventually affect 29 million people on government payrolls. – AFP photo

Malaysia sees no reason to change ringgit peg

KUALA LUMPUR, June 12: Malaysian Deputy Prime Minister Abdullah Ahmad Badawi said today there were no compelling reasons to re-peg the ringgit currency, quelling market talk of an imminent change in capital controls, reports Reuters.

Abdullah, speaking at a seminar on capital markets, said the ringgit peg would be retained as long as global economic conditions remained favourable to Malaysia.

"For the time being the peg is contributing to our booming export sector and with imported inflation still benign, there is no compelling reason for a re-peg or any other policy shift," he said.

The ringgit is fixed at 3.8 units to a US dollar since September 1998 as part of Malaysia's capital controls introduced to stem outflow of capital in wake of the Asian currency crisis.

"His statement will help dampen rumours swirling in the market that the authorities are on the verge of making such a policy change," market consultants Standard and Poor's MMS said in a report after Abdullah's comments.

At the midday break, the key Kuala Lumpur Composite Index .KLSE was down 0.31 per cent or 2.68 points at 858.62 points in thin trade, as investors stayed out of the market waiting for a clear direction from the government on capital controls.

Abdullah said the authorities will keep an eye on key economic indicators before re-assessing the fixed exchange rate policy.

Analysts say the ringgit is undervalued and helps exporters. An undervalued ringgit and a benign inflation rate have helped Malaysia to stage a stunning economic rebound.

Abdullah's comments came after the National Economic Action Council said on Friday it will not be issuing any statement in the near future about changes to Malaysia's capital controls following intense market talk that it would lift a 10 per cent capital gains tax on repatriated foreign portfolio gains.

Beijing's WTO entry

Car-makers in China see no big threat from imports

BEIJING, June 12: Jacques Daniel has been wanting to make Renault passenger cars in China for years, and the nation's entry into the World Trade Organisation is not going to change that, says AFP.

Even after accession to the rules-based body, when China has promised to slash import tariffs on autos, foreign makers cannot rely on just shipping vehicles in from abroad, said Daniel, vice president for China and Taiwan at the French company.

"There is always the possibility of some kind of non-tariff barriers," he said. "I don't know which ones, but Chinese people are so clever."

Once Chinese regulators give the go-ahead, Renault's proposed joint venture with Beijing Automotive Industry Corp, a state-owned enterprise, could be up and running in 18 months.

A mixture of local production and imports of more narrowly targeted products is how a large number of foreign car makers plan to prepare for Chinese WTO membership.

Audi AG, for one, would not dream of giving up its Chinese manufacturing lines. China is the German company's fastest growing market, and the prospect of WTO entry has done nothing to decrease Chinese appetite for its locally produced Audis.

Since the January launch of Audi A6, produced at a joint venture in the northeastern city of Changchun, demand has beaten estimates, despite speculation that Chinese would buy fewer cars as they waited for WTO entry to make them cheaper.

When it introduced the local Audi A6 to the Chinese market, the company thought it would sell 13,000 units at most this year. Already in March, that target had to be revised up to between 15,000 and 16,000, and the company could be selling as many as 30,000 in 2002.

To be sure, some foreign car makers have said WTO entry could force them to import more cars, even if they already have large manufacturing capacity in place in China.

Jean-Martin Folz, the chairman of Peugeot-Citroen, said late last year his group could import its own cars into China even if it meant competing with Dongfeng Citroen Automobile Co (DCAC), a venture set up in 1992.

West Africa pins hopes on single currency by 2003

BASEL, Switzerland, June 12: Forget the euro and ponder for a moment the daunting task facing six West African countries hoping to create a single currency by 2003, reports Reuter.

The euro has had its problems since starting life last year. The single currency slid to record lows against major currencies in May. But at least its 11 members have working governments.

That is more than can be said for Sierre Leone, torn by civil war where the average life expectancy is less than 26 years. It is one of the six hoping to set up the new currency alongside Nigeria, Ghana, Gambia, Guinea, and Liberia.

Some officials are optimistic that the deadline will be met, even though it is a target economists see as downright Utopian.

"We are working very hard on that," said Nigerian Central Bank Governor Joseph Sanusi, speaking to Reuters during the annual meeting of the Bank for International Settlements here.

As his European counterparts at the meeting dodged reporters, fearing anything they said could be fodder which could hit the euro, Sanusi was keen to tout the new plan.

"We will have a bigger market, which means there will be free trade between the West African countries. We will be able to have economies of scale," he said.

He hoped it would raise standards of living where per capita GDP in many countries is less than $400.

But monetary union is what economists call "deep integration" requiring huge trust. In Europe it was built through 50 years of trade and cooperation, the end product of a long process going back to the Treaty of Rome and the European Economic Community (EEC) set up in 1957.

West Africa hopes it can make the process work in reverse: first a currency, then economic union in a region where more than 90 per cent of trade is now with countries outside the area.

It will be difficult, to say the least.

"I think that by the nature of the economies and their products ... it is going to take a very long time before trade in the sub-region really increases to any significant level," said John Kwakye, deputy director of the research department at the Bank of Ghana.

But he noted that at least that Nigeria, Ghana, Gambia and Guinea "have relatively stable governments, and they are keen to push ahead. I feel that this time the politicians are serious".

The effort is seen as being spearheaded in part by Nigeria's leader Olusegun Obasango.

"For Obasango, the interests are not so much commercial," said Charles Humphreys, manager of the Central West Africa Macro Economics Unit at the World Bank.

Instead, he said, Nigeria believed it falls "to the sub-region to try to pull things together".

The new currency is independent of the West African CFA franc — actually two joint currency systems — first established in the 1940s and originally convertible into French francs. It is backed by the French government and, ironically, is linked to the euro.

The CFA franc system comprises 14 countries, in two blocs, based in the West African francophone region. One block is made up of eight countries within the West African Monetary Union.

Ultimately, some believe the new single currency would be merged with that block. But it must be formed first.

Taiwan's President Chen Shui-bian (front C) stands among the international speakers on the opening day of the 2000 World Congress on Information Technology (WCIT) in Taipei on Monday. – AFP photo

Singapore media giant branches out strongly as monopoly ends

SINGAPORE, June 12: Top Southeast Asian publishing group Singapore Press Holdings Ltd (SPH) is branching out aggressively into the Internet and broadcasting as it faces the end of its lucrative newspaper monopoly, reports AFP.

In a span of a week, SPH floated its Internet portal, unveiled plans for two new dailies, and formed a broadcasting unit after the government shook up the industry by vowing to issue new print and broadcasting licenses.

SPH posted net profits of 201.59 million Singapore dollars (117.88 million US) in the six months to February, up 44 per cent from a year ago on the back of an improving economy and expected better performance this year.

Strong growth in its newspaper division will tide over expected initial losses of the two new dailies, broadcast unit SPH MediaWorks, and the SPH Asia One Internet portal, officials said.

"These are investments for the future. There will naturally be start-up losses in the first few years, but these will be mitigated by the strong growth in the newspaper business on the back of an economic recovery," said Tjong Yik Min, group president of SPH.

The group has invested 50 million dollars each in MediaWorks and AsiaOne, more than a million dollars in the free commuter newspaper Streets, while declining to say how much it has spent on Project Eyeball, which combines a print version and constantly updated website.

Investors were impressed by SPH's ability to adapt to the changes in the media environment and its share price jumped to as high as 29.80 dollars on Thursday before closing at 29.20 on Friday, up three dollars from the previous week, as foreign funds bought up the stock.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currencies.

Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	51.2500	51.2800	50.8500	50.6970	50.6250
Pound Stg	77.3619	77.4072	76.1987	75.9695	75.8616
Deuts Mark	25.2944	25.3092	24.3040	24.2309	24.1965
Swiss Franc	31.3207	31.3390	30.6824	30.5901	30.5467
Japanese Yen	0.4817	0.4820	0.4732	0.4718	0.4711
Dutch Guilder	22.4492	22.4624	21.5703	21.5054	21.4748
Danish Krona	6.5617	6.5655	6.4265	6.4072	6.3981
Australian $	30.6629	30.6808	29.3710	29.2826	29.2410
Belgian franc	1.2264	1.2271	1.1784	1.1748	1.1731
Canadian $	35.1388	35.1594	34.1390	34.0363	33.9879
French Franc	7.5419	7.5463	7.2466	7.2248	7.2145
Hong Kong $	6.5888	6.5927	6.5119	6.4923	6.4831
Italian Lira	0.0255	0.0256	0.0245	0.0245	0.0244
Norway Krone	5.8840	5.8875	5.7936	5.7761	5.7679
Singapore $	30.0675	30.0851	29.1321	29.0444	29.0032
Saudi Rial	13.7021	13.7101	13.5218	13.4811	13.4619
UAE Dirham	13.9924	14.0006	13.8067	13.7651	13.7456
Swedish Krona	5.8659	5.8693	5.7955	5.7781	5.7699
Qatari Riyal	14.1173	14.1256	13.9265	13.8846	13.8649
Kuwaiti Dinar	172.9666	173.0678	160.7143	160.2307	160.0032
Thai Baht	1.3112	1.3120	1.2984	1.2944	1.2926
Euro	49.4716	49.5006	47.5346	47.3916	47.3243

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7512	50.4263	50.0025	49.5788	49.1550	48.3075

US dollar London Interbank Offered Rate (LIBOR)

Buying ($)	Selling ($)	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
50.6250	51.2500	USD	6.64875	6.81000	6.99250	7.16000	7.29000
75.8616	77.3619	GBP	6.09391	6.24500	6.39000	6.52891	6.64859
Cash/TC	Cash/TC	EURO	4.42188	4.54875	4.73063	4.9000	5.01313

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
4.77/44.78	51.99/52.02	39.04/39.07	3.7995/3.8005	8610/8635	1113.3/1113.4

Amex notes on Monday's market

The USD/BDT market was moderately active on Monday due to local strike today. Demand for US dollar was moderate with moderate level of supply. Inflow of USD has increased as major players are supplying USD into the market. Average USD/BDT rate ranged between 51.20 and 51.2100. The call money market was very active. There were a positive gap of BDT 2 billion between the T-bills maturity and payments. Call rates were at yesterday's level in the morning, but it has started coming down after the first clearing house. Average call rates ranged between 10 and 11 per cent today.

The yen put in a poised performance on Monday, supported by a whispering campaign suggesting the Bank of Japan just might end its zero rate policy at today's board meeting. While considered unlikely by most players, it was enough to see the yen recoup early losses on the dollar and gain on the euro as the market waited anxiously for the BOJ meeting to end. The dollar cased back to 106.80 yen in late trade from an early high at 107.20, with volumes lightened by holidays in Australia and on most of the European continent. The euro has slipped to $0.9500 from $0.9529 of Friday New York close, but market players expected good support at $0.9460, a level where the Bundesbank was rumored to have bids waiting.

Sterling softened on a report in the Daily Telegraph that the UK Treasury might use funds from the sale of mobile phone licences to buy European bonds, foreign currency or to repay foreign currency debt. The pound dipped half a cent to $0.5040 from its earlier New York close of 1.5085/95.

At around 1027 GMT the exchange rates of major currencies against USD were GBP/USD 1.50851/1.5095, USD/CHF 1.6380/1.6390, USD/JPY 106.47/106.52, EUR/USD 0.9535/0.9540.

Rupiah's weakness illogical, says minister

JAKARTA, June 12: Indonesia's senior economics minister Kwik Kian Gie said Monday the current weakness of the currency, the rupiah, is "illogical" and doesn't reflect improvement across the economy, reports AP.

"All macroeconomic and monetary aggregates are showing positive and encouraging development," he told reporters. "I don't understand why the rupiah remains weak."

He said the important manufacturing sector has picked up as shown by a 21 per cent increase in imports of capital goods between January and March compared with the same period a year ago.

The rupiah was trading at 8,655 to the US dollar Monday, much weaker than the exchange rate of 7,000 rupiah to the dollar used to base the government's current budget.

Analysts have blamed rising political uncertainty for the plight of the currency.

The International Monetary Fund has also complained that Indonesia's government has been inconsistent in its push for sorely needed reforms.

Business in Brief

One-sixth Japanese use Internet

TOKYO: About one in six Japanese use the Internet, and more than 14 per cent of the nation's mobile phone owners use them to access the global computer network, a media research company said Monday.

Approximately 19.4 million Japanese, or one-sixth of the population, had come online by the end of February, Access Media International Inc estimated on the basis of a nationwide survey.

That's up 128.8 per cent from the same month a year ago, and the Tokyo-based research company is forecasting that the number of users will reach 20.9 million by the end of this month and 22.6 million by December.

Internet use in the world's second-richest economy is taking off as once-prohibitive access charges have started to fall and online companies have begun advertising their services using television and other traditional media.

Access Media has been conducting nationwide surveys of Internet usage since 1996.

'Garuda committed to services'

JAKARTA: For years air travellers have complained about lousy service offered by Garuda Indonesia airlines.

Now, the state-owned carrier is thanking disgruntled customers for telling them so.

"The greatest gift you presented to us is your expression of disappointment with Garuda Indonesia's services," the airline said in a full-page advertisement published in the Jakarta Post newspaper Monday.

"Over the years, passengers have experienced dissatisfaction with our negligence, and services that have not been satisfactory .... we are not surprised to have received so many complaints," said the advertisement that featured a picture of an overflowing complaints box.

Garuda Indonesia's vice president for corporate communications, Pudjobroto, said it was admitting past mistakes to convince customers that it was making a concerted effort to improve service.

Most Asian stocks close lower

HONG KONG, June 12: Most Asian stock markets closed lower Monday as investors took profits, reports AP.

Bucking the trend was the Tokyo Stock Exchange, where the key index snapped a four-session losing streak.

The Japanese benchmark 225-issue Nikkei Stock Average gained 118.70 points, or 0.70 per cent, to close at 16,980.61. On Friday, the average closed down 142.43 points, or 0.84 per cent.

The Nikkei reversed a retreat early in the session to finish higher for the first time since June 5.

Sellers had the upper hand for much of the morning following Friday's action on Wall Street, where the Dow Jones industrial average fell 54.66 points to 10,614.06.

But the follow-through selling petered out after some investors started picking up textile, chemical and other relatively cheap issues, traders said.

In currency trading, the US dollar was quoted at 106.86 yen, up 0.40 yen from Friday in Tokyo and also above its level of 106.83 yen in New York trading late Friday.

In Hong Kong, the blue-chip Hang Seng Index slipped 65.21 points, or 0.4 per cent, closing at 16,055.05. On Friday, the index had surged 243.33 points, or 1.5 per cent.

Trading began one hour later than usual because torrential rains caused the Hong Kong Observatory to issue a thunderstorm alert.

Brokers said prices fell as investors took profits following recent sharp gains.

"The market has just accumulated too much gains," said Steven Leung, vice president of equity sales with Daiwa Securities.

The market were closed in the Philippines and Australia for holidays.

Elsewhere:

Singapore: Share prices closed lower on a technical correction, giving up earlier gains in the absence of any market-moving news. The Straits Times Index fell 0.55 point, or 0.03 per cent, to 2,042.06.

Taipei: Share prices closed lower as investors opted for the sidelines amid a lack of fresh buying incentives. The Weighted Stock Price Index fell 81.22 points, or 0.9 per cent, to 8,955.44.

Wellington: New Zealand share prices closed little changed. The benchmark NZSE-40 Capital Index edged up 0.05 point to 2,060.41.

Seoul: Share prices closed higher on foreign buying in some blue chips. The Korea Composite Stock Price Index rose 9.41 points, or 1.1 per cent, to 845.81.

Jakarta: Indonesian shares closed lower on late profit-taking in select blue chips. The Composite Index fell 1.895 points, or 0.4 per cent, to 476.033.

Kuala Lumpur: Malaysian shares closed lower on selling by foreign investors. The Composite Index of 100 blue-chip stocks fell 2.40 points, 0.3 per cent, to 858.90.

Bangkok: Thai share closed slightly lower. The Composite Index slipped 0.65 point, or 0.2 per cent, to 340.70.

Japanese PM hints at govt sale of NTT shares

TOKYO, June 12: Japanese Prime Minister Yoshiro Mori has hinted at the sale of all government-held shares in Nippon Telegraph and Telephone Corp (NTT), newspapers said today, reports AFP.

"The firm should not be controlled by the government forever," Mori said in a speech in central Japan on Saturday, according to the Nihon Keizai Shimbun.

"We have to head to the direction of the full privatisation" of Japan's telecommunications giant, he said.

Sino-Taiwanese trade up 30pc

SHANGHAI, June 12: Trade between Taiwan and China increased more than 30 per cent year-on-year in the first four months of 2000 despite tension between the two diplomatic adversaries, the China Daily Business Weekly reported today, says Reuters.

In the January to April period, China-Taiwan trade increased by 30.4 per cent over the year-earlier period to $8.71 billion, the newspaper said, quoting statistics from the customs administration.

China's exports to Taiwan expanded 30.4 per cent to $1.48 billion, while imports from the island rose to $7.23 billion, a 30 per cent rise from a year earlier.

The surge comes despite political tensions between Taiwan and China, which have been simmering since Chen Shui-bian of the pro-independence Democratic Progressive Party was elected president in March.

Taiwan and China have been diplomatic rivals since 1949, when the Communists won a civil war and took power on the mainland.

Experts cited strong international demand for Chinese and Taiwan products.

"Since the mainland's exports have increased significantly, its demand for Taiwan-manufactured components has grown correspondingly," Liu Xueqin, a senior researcher at the Chinese Academy of International Trade and Economic Cooperation, was quoted as saying.

Liu forecast cross-Straits trade would grow by double digits during the second half of the year, but said growth might slow slightly depending on economic growth in Taiwan's major trade partners including the United States and Japan.

Taiwan investors pledged $1.15 billion in investments during the first four months of the year, up 42.8 per cent from the same period last year, the newspaper said, quoting China's Ministry of Foreign Trade and Economic Cooperation.

Well-off Indonesians on spending spree—so where's the problem?

Poor sections seen through hard times

JAKARTA, June 12: Shoppers pack the supermarkets in the Indonesian capital these days, car and mobile phone sales are jumping, seven new airlines are ready to hit the skies and companies are reporting solid first quarter profits.

Consumer spending, the government says, will be the main engine behind an up to four per cent growth of Gross Domestic Product (GDP) this year after a dismal zero growth last year and minus almost 14 per cent the year before that.

So what's the problem?

And if, as the International Monetary Fund (IMF) says, Indonesia is the country farthest from being able to say it has turned the corner in digging itself out of the dragging regional financial crisis, where is the money coming from?

The first thing to note, analysts caution, is that it is only the few well-off — maybe 20 million people out of the country's 210 million — who are on what can only be described as a spending spree, at least compared to the austerity of 1998-1999.

The rest, the majority, says National Institute of Sciences' (LIPI) economist Thee Kian Wie, are still subsisting, hurting just as much as they were two years ago.

Henry Yusuf, managing director of Danatama Securities, agreed.

"The ones who are spending now are mostly the middle to upper class who profit from interest rates or the exchange rate," Yusuf told AFP.

Many of the upper crust have US dollar accounts overseas, and are profiting nicely from the fall in the rupiah, he adds.

"On the other side it's the people exporting who earn US dollars, and that's basically it.

"For the lower class people, they hardly spend, they just buy things for their daily needs. It's quite tough for them right now," Yusuf said.

"The rich in Indonesia," Wie says, "are still very rich," and demand which had been deferred at the height of the crisis is showing itself now that people are slightly more confident.

"Rather than sitting on their money, they are spending it on consumer durables," he said, flocking in their thousands to places like Jakarta's new French hypermarket, Carrefour.

"It's astounding the number of people there," he says, adding that he too estimates the moneyed at some 20 million people.

He rejects the idea that the country's ethnic Chinese, brutally targeted in the 1998 riots, are bringing money back into the country in any significant amounts.

"Why should they?" he asks referring to the volatile security and political situation in Indonesia which has left almost all potential foreign investors glued to the sidelines, and putting their money elsewhere.

In a country where the banking system is still in tatters though, small businesses are keeping enough working capital to keep their operations running, he says.

In addition, 90 per cent of all consumer spending in Indonesia is in cash, Visa International country manager Ellyana Fuad told the Jakarta Post this week — a fact that residents joke helps the corruption and counterfeiting industries.

Marie Pangestu of the center for Strategic and International Studies, one of the country's leading economists, says there are still "a lot of people with cash."

In addition many of them reaped comfortable profits from astronomically high interest rates introduced during the crisis.

"As soon as the (October 1999) elections came about and interest rates started coming down, people started spending," she told AFP.

Official figures reflect the rapid pick-up in production of such commodities as cars, motorcycles, paper, cement and television sets, video recorders, mobile telephones and other electronic goods to meet demand despite a banking system still in rubble.

Motorcycle sales are predicted to rise by 39 per cent this year to 800,000 units, car sales are expected to follow. Per capita paper consumption has increased to its pre-crisis level of around 16.5 kilograms a year from 5.5 kilograms, according to the Paper Producers Association (APKI).

Cement production is soaring, seven new airlines have registered to start operations, the Ramayana supermarket chain plans six new outlets, and electronics sales have jumped.

But Pangestu says not to be fooled, and that she is worried.

"Companies are using excess capacity, they do need working capital but they are using retained earnings and suppliers' credits", Pangestu said.

In addition small and medium sized businesses which had very little debt with the banks, are managing.

"Growth based on those variables (is good for) only one or two years. Eventually you will get to where the investment restrictions will be felt.

"We are not out of the woods. There is a real worry about complacency setting in — unless (the government) can push through the reforms, banking and corporate.

"We may be able to get growth, but is not sustainable," she says pointing to similar earlier patterns of recovery in South Korea and Thailand which were led by a return of consumer spending.

But in their cases, she said, there is "a lot of foreign investment, new investment, including domestic capital, either joint venture partners putting more in shares, and in the case of South Korea mergers and acquisitions."

"That's obviously driving their growth into a more sustainable path ... they have made more progress ... they have more room" than Indonesia, where, she said confidence is still very low."