

US, Vietnam sign landmark market-opening pact

Deal to help Hanoi enter WTO, win NTR

WASHINGTON, July 14: Former enemies the United States and Vietnam signed a landmark trade agreement yesterday, clearing the way for normal trade relations for the first time since the Vietnam War and boosting communist Hanoi's bid to join the World Trade Organisation, reports Reuters.

The agreement, signed by US Trade Representative Charlene Barshefsky and Vietnam's Trade Minister Vu Khoan after four years of negotiations, would reduce tariffs on goods and services, protect intellectual property and improve investment relations between the two countries.

From the bitter past, we plant the seeds of a better future," President Bill Clinton told reporters on the White House South Lawn before returning to Camp David, Maryland, for Middle East peace summit.

"This agreement is one more reminder that former adversaries can come together to find common ground in a way that benefits all their people, to let go of the past and embrace the future, to forgive and to reconcile," he added, with Arizona Republican Sen. Jon McCain, a former Navy pilot who spent 5-1/2 years in a Hanoi prison camp, at his side.

The trade agreement was one of the most important economic milestones for Vietnam since the country embarked on market-oriented reforms in the late 1980s, and could help Hanoi in its efforts to join the Geneva-based WTO, though Barshefsky said accession was a number of years off.

It also marked a major step toward completing the normalisation process that began on July 11, 1995, when Clinton extended diplomatic ties to Vietnam. America lost 58,000 lives in the Vietnam War, which

ended in 1975.

The trade agreement must still be approved by the US Congress. Though Republican congressional leaders support closer trade ties with Vietnam, it remained to be seen whether lawmakers would approve the pact before this year's abbreviated legislative session ends.

In terms of commerce, the trade agreement would mean far more for Vietnam than for the United States. With Congress' approval, Hanoi would win Washington's coveted normal trade relations (NTR) status.

According to a recent World Bank report, the agreement could more than double Vietnam's exports to the United States to \$768 million from \$338 million in 1996.

It could also boost foreign investment in Vietnam, which fell to around \$500 million a year from peaks of \$2.8 billion

in 1996 and 1997 when Hanoi was viewed as Asia's next dynamic tiger economy.

For the United States, the impact was harder to gauge. Under the pact, Vietnam agreed to cut tariffs in most cases by one-third to one-half on a wide range of products, from toiletries to mobile phones to pasta.

US companies like shoe-maker Nike Inc. and agribusiness giant Cargill Inc. stand to benefit from increased access to the Vietnamese marketplace, but analysts said the gains may be slow to materialise since Vietnam would reduce trade barriers over a three-to-seven year period in many cases.

Thursday's signing came one year after Washington announced an "agreement in principle" with Vietnam, only to have Hanoi back away, arguing that certain provisions were unfair.

Oil prices soar as OPEC ponders meet on output

LONDON, July 14: Oil prices rose steeply yesterday as OPEC weighed holding an emergency meeting amid uncertainty over plans to raise output to ease consumer concerns over high fuel costs, reports Reuters.

London benchmark Brent crude closed at a peak at \$30.30 a barrel, up 63 cents and extending a rise of some 50 cents a day earlier. US Benchmark crude futures jumped \$1.18 to \$31.50.

Although the market remained convinced that a promised 500,000 barrels per day (BPD) would be coming, traders said prices would be underpinned as long as thorny questions remained about when and how the increase would take place.

Delegates from the Organisation of the Petroleum Exporting Countries said OPEC's Vienna-based secretariat had sent members a list of proposals for July 18 "consultative meeting" in Vienna.

The meeting was suggested by leading cartel member Saudi Arabia, which last week proposed the output increase to

cool off prices, the delegates said.

An official at the OPEC secretariat said that cartel Secretary-General Rilwanu Lukman had not yet requested that arrangements be made for an emergency gathering.

Some OPEC delegates said the chances of the meeting actually taking place looked slim. OPEC's President, the oil minister for Venezuela Ali Rodriguez, said earlier on Thursday he saw no need for an emergency gathering of OPEC ministers.

"Until there's clarification on whether the meeting is going ahead and whether ministers and not just experts are attending, it will be difficult to sell the market off," said Nauman Barakat of ABN Amro in New York.

"If the Saudis don't go through with this now, they risk losing considerable credibility,"

London brokers GNI said the market was disappointed by an inconclusive statement issued by the oil ministers of Saudi

Arabia and Venezuela after talks on Wednesday.

Saudi Oil Minister Ali Al-Naimi and Rodriguez said that oil markets appeared imbalanced and they remained committed to adequate and timely supplies.

OPEC president on tour

Rodriguez, on a tour of OPEC member nations, said in Abu Dhabi on Thursday that the cartel was working on the timing of any increase.

He said the main interest of OPEC was to maintain the stability of the market. If the situation needed an increase OPEC would provide one.

"We are waiting to hear what the clear Saudi policy is. It seems to be that OPEC is signalling a production increase but they are not really coming out with the definitive statement," said Bob Finch, head of trading at Vitol SA.

A senior Iranian oil official said Tehran would join an output rise but was not convinced prices would ease as a result.

Japan's corporate bankruptcies in June surge 21.2 per cent

TOKYO, July 14: Corporate bankruptcies in Japan rose 21.2 per cent year-on-year to 1,560 cases in June, while the total of bankruptcy debt rose 1.8 per cent to 1.87 trillion yen (\$17.29 billion), the highest postwar level for that month, says Reuters.

Bankruptcies jumped 32.2 per cent to 9,304 in the six months through June, the highest level for that period in 15 years, leading credit research firm Taikoku Databank said today.

Total debt of Japanese firms that went bust in the half-year slid 24.2 per cent year-on-year to 6.95 trillion yen, but that was still the second-highest level for a January-June period in postwar Japan.

The firm's figures came two days after department store operator Sogo Co Ltd became Japan's second-biggest corporate bankruptcy with 1.87 trillion yen in group liabilities.

Sogo was also the eighth listed Japanese company to collapse this year, spurring worries that more major bankruptcies — especially among long-troubled builders and retailers burdened by heavy debt — may be just round the corner.

Taikoku Databank said bankruptcies are rising in the wake of April's enactment of laws making it easier for companies to seek court protection from creditors as they attempt to rehabilitate themselves, as well as the fading effects of a 30 trillion yen government loan guarantee scheme.

German govt looks set to win upper house approval of \$27b tax cut bill

BERLIN, July 14: The German government looked set to win upper house approval Friday for its landmark 56 billion mark (\$27 billion) tax-cut bill after proposing billions in extra breaks aimed at small businesses, says AP.

Chancellor Gerhard Schröder offered to sweeten the package — already the biggest in postwar German history — by up to 7 billion marks (\$3.4 billion) in overnight talks with leaders of state governments, which are represented in parliament's upper house, the Bundesrat.

The ambitious tax reform — the cornerstone of Schröder's economic modernisation programme — passed the lower house in May, but was rejected in June by the Bundesrat, where Schröder's Social Democratic-Green coalition lacks a majority.

States controlled by the opposition conservatives argued the plan did not provide enough relief to smaller and medium-sized businesses, the backbone of Germany's economy.

Such companies, usually family owned, pay income rather than corporate taxes, and thus could end up paying higher nominal rates under the plan than major corporations.

But opposition to the plan has weakened as the economic arguments for it have strengthened.

EU wants 20 newly rich nations to increase UN contribution

UNITED NATIONS, July 14: The European Union wants some 20 newly rich countries to contribute more to the heavily indebted United Nations peacekeeping budget, says AP.

The 189 UN member countries must begin negotiations later this year to modify the scale of member contributions to the organization's ordinary and peacekeeping budgets, under pressure from the United States, which wants to reduce its portion.

"This will be one of the hot topics this fall," said French Ambassador Jean-David Levitte, who is presiding over the European Union in July.

He reaffirmed the European position that "the essential criteria is what you are able to pay."

He emphasized the need for revision of the payment scale for the peacekeeping budget, which has not been modified since 1973 and shows "some anomalies that need to be corrected."

Levitte cited the example of Singapore, considered an underdeveloped country in 1973, but whose per capita income now far surpasses the average of European Union countries.

South Korea, most of the Gulf Countries, Argentina, Israel and Slovenia were among the 20 countries cited by the European Union as having incomes higher than the world average but contributing amounts smaller than they are able to pay.

The European Union proposes increasing those countries' total share of peacekeeping contributions from 0.77 per cent to 3.9 per cent.

Member states owe 1.97 billion dollars to the peacekeeping budget, according to figures released Wednesday by the United Nations. Most of that sum is owed by the United States, which has unilaterally lowered its contribution from 30.4 per cent to 25 per cent.

The overall debt of UN member states has climbed to 2.86 billion dollars, of which 1.63 billion is owed by the United States.

US, Japan try to clinch telecom deal by Monday

TOKYO, July 14: Talks between the United States and Japan over telecom deregulation moved one diplomatic level higher today when the world's two biggest trading partners sat down for a fifth day to try to clinch a deal by Monday, says Reuters.

Deputy US Trade Representative Richard Fisher met Japan's Deputy Foreign Minister Yoshihiro Nogami for the talks to settle a dispute over "last mile" interconnection rates charged by Nippon Telegraph and Telephone Corp (NTT).

Washington argues the rates charged by Japan's former domestic phone monopoly are too high, making it hard for US

companies and domestic carriers to compete in the world's second largest telecoms market.

Both sides are eager to settle the dispute before US President Bill Clinton and Prime Minister Yoshihiro Mori meet on the eve of the July 21-23 summit of the Group of Eight (G8) rich nations and Russia.

The conspicuous absence of tactical leaks from both sides underlined their eagerness to settle the issue, analysts said.

Japan has so far resisted US pressure to cut NTT rates by 22.5 per cent over two years, and has offered a three-year time frame instead.

Japan has argued that cutting rates by too much too fast

would depress NTT's profits and trigger job losses — no small threat since its local phone companies alone employ nearly 130,000 people.

That argument has been dismissed by Washington, however, which sees it as undermined by hefty upward revisions in NTT's earnings forecasts for this business year.

Analysts are saying that a compromise could be reached that will lower NTT's rates by around 30 per cent over a shorter time period, possibly around two years.

Pressure to conclude the talks before the summit will also increase when US Trade Representative Charlene

Barshefsky arrives in Japan next Tuesday.

Barshefsky has already dismissed Japan's three-year proposal as unacceptable.

Failure to cement a deal would be embarrassing for Mori, who has billed the Okinawa gathering as the information technology summit and has pegged the Internet as one way to help recession-weary Japan to pull out of its economic slump.

Washington says the rates cuts are precisely what Japan needs to foster a more vibrant telecommunications environment that would allow an Internet-led information technology revolution to take hold.

Key US Senators see vote on China trade bill this month

WASHINGTON, July 14: Key US Senators said an agreement was within reach that should clear the way for a vote on a landmark China trade bill before the end of the month, says Reuters.

The White House and Senate Democrats feared Senate Republican Leader Trent Lott of Mississippi would put the trade bill on hold until September or later, jeopardising its prospects for passage before the November election.

But Senate Democratic Leader Tom Daschle of South

Dakota said he was optimistic the Senate would vote in July on legislation granting permanent normal trade relations (PNTR) to China, as well as on a controversial sanctions measure that could be used to punish Beijing for alleged weapons sales to Pakistan and other states.

"I expect we'll find a way to do both within the next two weeks," Daschle of South Dakota told reporters.

Montana Democratic Sen. Max Baucus sounded a note of caution: "We have our work cut

out for us."

President Bill Clinton has made passage of PNTR his top legislative priority for his final year in office.

Once approved by the Senate and signed into law, the measure would end the annual ritual of reviewing Beijing's trade status and guarantee Chinese goods the same low-tariff access to US markets as products from nearly every other nation.

In exchange for the benefits, China would open a wide range of markets, from agriculture to telecommunications.



BCIC Enlistment Notice for Procurement/Supply of Bearings

বিসিআইসি'র পণ্য শিল্পায়নে জাতীয় অগ্রগতির প্রতীক

Managing Director, Chhatkhat Cement Co. Ltd., Chhatkhat, Sunamganj, invites application from the authorised Distributor(s) Dealer(s)/Agent(s) of reputed Bearing Manufacturer (s) for enlistment. Firms who desire for enlistment must submit relevant documents in support of being appointed/nominated as Distributor(s)/Dealer(s)/Agent(s) from their respective Principal(s) i.e. Bearing Manufacturer(s) otherwise application will not be accepted. Application form will be received up to 02.08.2000 at 3:00 PM at both the places i.e. in Purchase Division, BCIC Head Office, Dhaka & Purchase Section, Chhatkhat Cement Co. Ltd., Chhatkhat, Sunamganj. Application form will be available on all working days against cash payment of Tk. 50.00 only per set from: (1) BCIC Head Office, 30-31, Dilkusha CA, Dhaka (2) BCIC Branch Office, 6-Agrabad CA, Chittagong and (3) Chhatkhat Cement Co. Ltd., Chhatkhat, Sunamganj. No application form will be sold on opening day. Management reserves the right to accept/reject any application without assigning any reason whatsoever.

BCIC-572-6/7/2000
DPP-17051-10/7
G-1298

Md Nuruzzaman Sikder
Purchase Officer
For Managing Director.

Air India expects \$17m loss this FY

NEW DELHI, July 14: State-owned Air India, in the midst of an overhaul to prepare for privatisation, expects a 750 million rupee (\$17 million) loss in this financial year, a newspaper reported Friday, says AP.

Air India officials commented that the company posted an operating profit of 10 million rupees (\$232,000) for the fiscal year that ended March 31.

The Business Standard

quoted internal airline estimates on the expected loss.

The government is preparing to sell 60 per cent of its stake in the international airline. Strategic partners can buy up to 40 per cent and the other 20 per cent will go to employees, domestic financial institutions

and retail investors.

Foreign airlines will be allowed to buy up to 26 per cent of the airline's equity, giving them a veto over important decisions, according to Indian law.

Air France, Virgin Atlantic and British Airways have been mentioned in news reports as expressing interest in buying into Air India.

Air India hopes to cut its workforce of 4,000 people, increase revenues through code sharing arrangements and new alliances, and slash costs by directly importing fuel from foreign oil companies, the Business Standard reported.

A voluntary retirement plan is awaiting government approval.



International Tender Notice Bangladesh Inland Water Transport Authority Invitation For Bids (IFB) For

Expansion, Modernisation and Beautification Project of Dhaka River Port Terminal at Sadarghat, Dhaka, Bangladesh.

1. Bangladesh Inland Water Transport Authority (BIWTA) hereby invites bids in sealed cover from reputed international firms having adequate technical and financial capabilities and experience for implementing Expansion, Modernisation and Beautification works of Dhaka River Port Terminal at Sadarghat and its adjacent areas on Build, Operate and Transfer (BOT) basis.
2. The intended firms will be required to submit bids elaborating their technical investment and business plans to establish and operate Dhaka River Port Terminal with modern facilities for handling passengers, freight and other ancillary activities for the promotion of Inland Water Transport.
3. The bid documents can be purchased from the office of the Chief Engineer, BIWTA, 141-143 Motijheel C/A, Dhaka, Bangladesh, from 10.00 hrs to 15.00 hrs every working day at the cost of Tk 10,000.00 (ten thousand only) per set. Documents will be available for sale with effect from 23rd July, 2000 up to 24th September, 2000.
4. Bid must be delivered to the office of the Chief Engineer, BIWTA, 141-143, Motijheel C/A, Dhaka-1000, Bangladesh, Deputy Secretary (IWT), Ministry of Shipping, Room No 816, Building No 6, Bangladesh Secretariat, Dhaka, Bangladesh and Office of the Divisional Commissioner, Dhaka Division, Commissioner's Building, Segunbagicha, Dhaka, Bangladesh on or before 25th September, 2000 up to 12.00 hrs. Bid must be accompanied by a security deposit of Tk 500,000.00 (five hundred thousand only) or US \$10,000.00 (ten thousand US Dollar only) in the form and manner detailed in the instruction to bidders.
5. Bids will be opened in the office of the Chief Engineer, BIWTA at 15.00 hours of the same day i.e. 25th September, 2000 in presence of the bidder(s) or their representatives (if any). Any submission received after the above deadline shall not be considered.
6. The bidder(s) shall bear all costs associated with the preparation and delivery of bids, and BIWTA will in no case be responsible or liable for those costs.
7. The clarification, if any, may be requested in writing to the officer mentioned below, at least 30 (thirty) days before the deadline for submission of bids. The bidder shall clearly mention the name and address of the authorised person to whom all communications should be made.
8. BIWTA reserves the right to accept or reject any or all of the bids and to annul the bidding process at any time prior to award of contract, without thereby incurring any liability on the part of BIWTA to the affected bidder or bidders or any obligation to inform the affected bidder or bidders the grounds for such actions.

Mahbubur Rahman
Chief Engineer
Bangladesh Inland Water Transport Authority
141-143 Motijheel C/A Dhaka.
GD-672



Engr AKM Mosharraf Hussain, Chairman of Standard Insurance Ltd, opens the Narayanganj branch of the company on Wednesday. Engr Md Atiqur Rahman, Chairman of Standard Group, and M Ahsanullah, Managing Director, are also seen.

— Standard Ins photo

Big names quit business this year, hedge funds booming

CHICAGO, July 14: Big name players quit the business this year, but the hedge fund industry is still booming as funds attract billions of dollars in fresh capital, financial professionals said this week, says Reuters.

Some of the world's roughly 3,000 managers who oversee an estimated \$300 billion to \$400 billion in unregulated investment pools for wealthy individuals and institutions say despite difficult market conditions they are posting banner results this year.

The big macro funds are grabbing the bad headlines, but overall hedge funds are having a good year with some enjoying returns of 20 to 25 per cent as investors search for alternative asset pools said Bruce Nemirow, managing director of Capital Growth Partners.

The year began big fireworks as famous hedge fund manager Julian Robertson liquidated all six hedge funds operated by his Tiger Management and Stanley Druckenmiller resigned from George Soros' Quantum Fund, which scaled back its activities dramatically after sharp losses.

The fact that Julian shut down and that Stanley left George makes for a good story, but it is not large news," said Peter Borish, President of Computer Trading Corp at a fund management conference here in Chicago.

Smaller funds say they are riding out the stock market's hiccups and doing quite nicely.

For example, Andrew Serotta's Site Capital Management, with \$20 million under management, was ranked third best among hedge funds in terms of returns in the past 36 months, according to industry tracking firm MAR. "We got off to a very strong start in 2000 after a modest year in 1999."

The hedge fund universe includes a diverse mixture of investment techniques. This

year's best performers have included arbitrage and short-selling funds — where securities are borrowed and sold in the hope they will fall in price allowing them to be bought back cheaper. Emerging market funds have been the main laggards.

As of the end of May, the CSFB/Tremont Hedge Fund Index, a snapshot across industry groups and comprising 308 funds with a minimum of \$10 million under management had returned 1.9 per cent for the year versus minus 8.5 per cent for the Dow Jones industrial average.

Often described as free-wheeling investment pools that make large bets on currencies,

bonds and stocks, hedge funds have recently been tarred by the misfortunes of a handful of big name funds which hit the headlines.

The so-called global macro style of investing allows managers to profit from changes in global economies typically as reflected in major interest-rate shifts.

Nearly two years ago, global financial markets stood on the brink of disaster when Long-Term Capital Management sold massive amounts of securities to pay back billions of dollars in loans it had used to fund losing investments in the bond market.

Japan needs to cut fiscal deficit

TOKYO, July 14: Japan needs to cut its bulging fiscal deficit in the medium term, although achieving a full-fledged recovery still deserves priority over fiscal reforms, the government said in an annual economic report, says Reuters.

"It is desirable to cut the fiscal deficit from a medium-term perspective, while the government also ensures a full recovery, takes steps to boost potential demand in the private sector and reforms the public sector," the Economic Planning Agency (EPA) said in its economic white paper released today.

But it added: "It is important to carry out fiscal reform after it becomes clear that Japan's economy has achieved a self-sustaining recovery."

The agency does not see Japan's fiscal policy, but its white paper pointed to the need

to deal with public debt problems as a way for Japan to achieve lasting growth.

"The government is expecting that by the end of this fiscal year the economy will be in a self-sustaining recovery phase, and then it may be time to think about changes in fiscal policy from a medium- and long-term perspective," said Takashi Omori, a senior EPA official in charge of compiling the white paper.

The report also said government debt problems, prompted by a series of stimulative spending packages in recent years to get the economy rolling again, are beginning to worry many Japanese. While making efforts to reduce the fiscal deficit, Japan should also take steps to boost private consumption and corporate capital spending, the report added.