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G8 slammed for empty words over fast debt relief

OKINAWA, Japan, July 21: Debt relief pressure group Jubilee 2000 said today it expected G7 nations to promise faster action to ease the burden on developing nations, but promptly dismissed the expected move as too little too late, reports Reuters.

In its strongest criticism yet, Jubilee 2000 told reporters that while the Group of Seven industrialised nations was boasting about speeding up the process, in reality it was playing catch-up on last year's promises at Cologne to cut debt.

Jubilee also slammed lofty talk among the G7 members about bridging the technological divide while many still lived in poverty and faced starvation.

Japanese premier Yoshiro Mori told Jubilee 2000 this morning he aimed to push G7 partners, on this southern Japanese island for their annual summit to take faster action.

"I hear Mori saying they intend to speed up the Cologne initiative. But they're still catching up," said Jubilee director Ann Pettifor.

The urgency of speeding up a year-old initiative to write off the debts of the world's poorest countries preoccupied the leaders ahead of three days of wide-ranging talks.

But Pettifor said whatever the world's richest nations decided to do, it would be too little, too late.

"The debt crisis and emergency that is emerging can't wait for the rich, the powerful and the complacent.

"We at Jubilee are calling for a new debt initiative. This one has failed."

Last year in Cologne, world leaders bragged that their debt relief deal would wipe out as much as $100 billion of debt owed by some 40 poor countries if they followed reforms supervised by the International Monetary Fund.

The programme aimed to have two thirds of potential candidates — 24 countries — signed up by the end of the year.

But that target has slipped to 20 since.

Onerous conditions attached by the IMF and the World Bank, plus conflicts ravaging Africa, have meant that only nine countries have qualified even for the first stage of relief.

In the meeting with Mori, Jubilee called for a mechanism to oversee debt relief that includes debtor nations, rather than relying on the IMF and World Bank which they said posed a conflict of interest.

Charlotte Mwesingye, a Jubilee member from Uganda, said she was disappointed because Mori failed to make concrete promises.

Meanwhile, an AP report adds: Concrete actions, not empty words, are needed from rich countries to help poor ones overcome health emergencies and ruinous debts, leading non-governmental organisations said Friday.

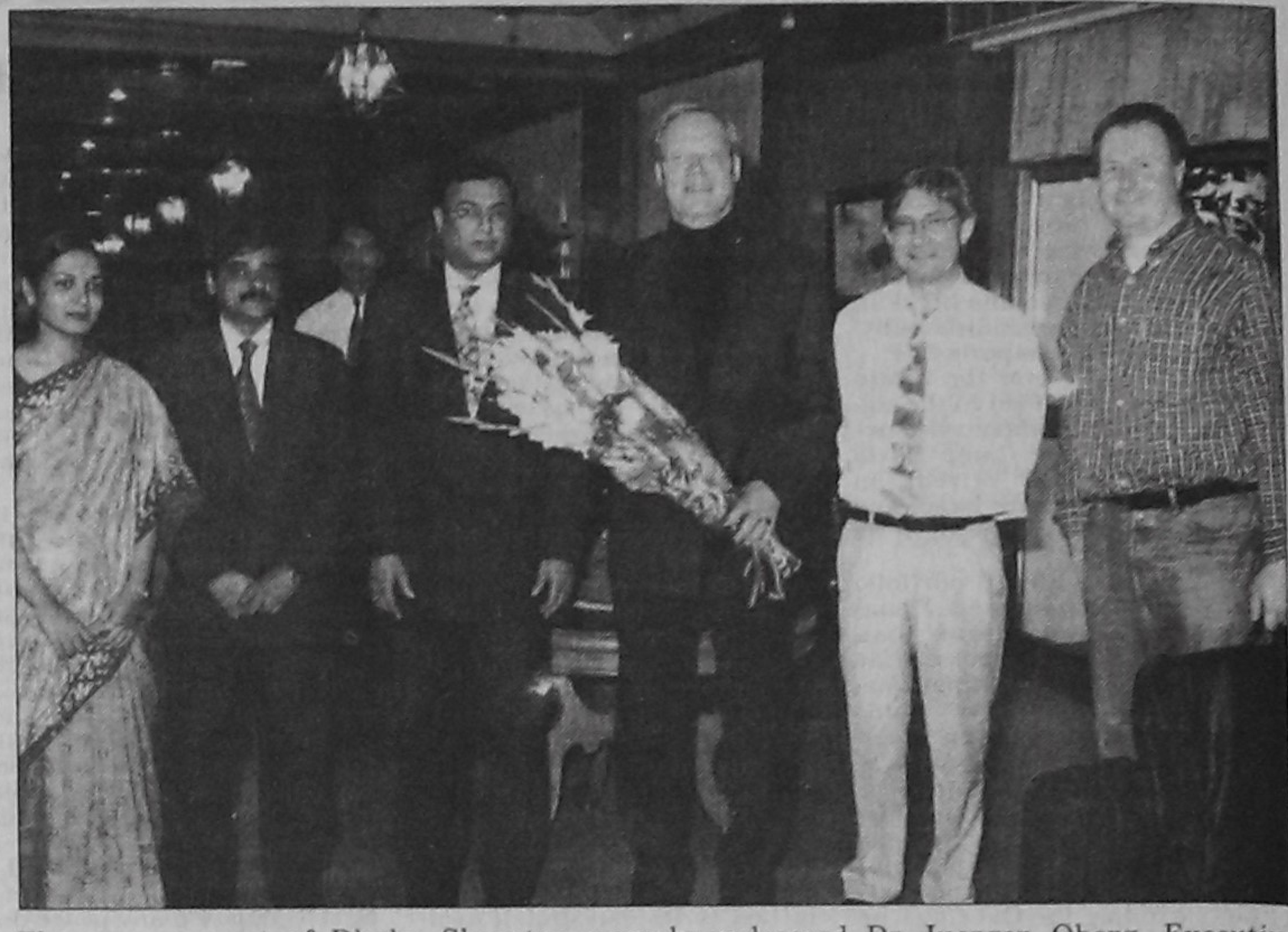
Dozens of activist groups are here for the Group of eight summit, and though not included on the official agenda they are getting a better reception than at previous summits.

In a meeting here Friday with Japanese Prime Minister Yoshiro Mori, activist groups were for the first time given a direct conduit to air their concerns at a G-8 summit.

Anne Pettifor, a group official, urged a "new deal on debt" that would cancel all unpayable debts and remove conditions on debt relief.

"We called upon G-8 leaders to have a human face alongside being superpowers economically," said Charlotte Mwesingye, another official of the group.

Representatives from Doctors Without Borders, meanwhile, urged industrialised powers to bring essential drugs to the needy by lowering costs and funding research and development of new medicines that meet the needs of the Third World.



The management of Dhaka Sheraton warmly welcomed Dr Juergen Oberg, Executive Director, Siemens AG, to the hotel recently. K Shafiul Alam, Executive Assistant Manager of Dhaka Sheraton, received Dr. Oberg and other high officials of Siemens from its Munich headquarters. — Sheraton photo

BOI sets up cell to facilitate NRB investment

The Board of Investment has opened a special cell here to facilitate investment by the non-resident Bangladeshis who are working abroad, reports UNB.

BOI executive council, in its meeting Thursday took the decision to open the "NRB Cell" to boost trade and investment in the country taking support from the expatriate Bangladeshis.

An assistant director will be deputed to the cell with full-time responsibility under direct supervision of the executive chairman, member or director.

The cell will have the responsibility to establish a data bank, coordinate meetings with different offices for any delegation of expatriate Bangladeshis, negotiate their recommendations with various offices and prepare project portfolios for the NRBs.

It will also bring out a monthly publication that would include government decisions on trade and investment.

Japan issues G8 commemorative notes with wrong serial numbers

TOKYO, July 21: Around 5,000 of the new banknotes issued to commemorate the Group of Eight summit in Japan are set to become collector's curiosities after they were found to have incorrect serial numbers, reports Reuters.

The 2,000 yen ($19) bills, issued on Wednesday to commemorate the world leaders' summit in the southern island of Okinawa, were found to have two different serial numbers on the same note, an official said today.

"It was a mistake by the people involved with the printing," he said, adding the notes, distributed in the western city of Osaka, would still be legal tender.

Politicians hope the new notes will boost consumer spending in Japan's struggling economy, but vending machines — found on almost every street corner in Japan — will not accept it and many cash dispensers will not be able to handle it for some time.

Bejingers wait on opposite sides of a road for buses Friday while standing next to web advertisements for one of China's latest 'lifestyle' Internet portals. Despite China's 'dot.com' fever, industry analysts predict a shake-up in the country's portal market as dozens of new sites hit the overcrowded Chinese-language market every month. — AFP photo

G8 summit 2000 most expensive

NAGO, July 21: The Japanese government is spending about 81 billion yen ($750 million) to host this year's meetings of Group of Eight leading industrialised countries and Russia — making this the most expensive G-8 summit ever, reports AP.

More than half of the spending was for security. About 22,000 police have been deployed around this subtropical island for the summit, and nearly 90 per cent had to be flown in from other parts of the country.

Some 20 billion yen ($185 million) was used for the improvement and construction of roads, parks and other facilities on Okinawa, according to the Foreign Ministry.

The cost of the summit was drastically increased by the government's decision to hold to pre-summit meetings outside of Okinawa, on the island of Kyushu.

Usually those meetings for the group's foreign and finance ministers, are held in the same place as the main summit, or at least nearby.

Oil heads down on growing evidence of Saudi supply

LONDON, July 21: Oil prices headed down yesterday as dealers digested news that Saudi Arabia was quietly turning up the taps to refill inventories in the West, reports Reuters.

London's Brent futures for September closed 63 cents off at $28.25 a barrel after a 43-cent fall on Wednesday. US light crude for August was down 92 cents at $ 30.50.

Crude's losses were also deepened by technical trading in the US market where the August contract went off the board.

Major oil companies said Saudi Arabia had called them over the past 24 hours with an offer of extra supply — fresh evidence that the kingdom intends to honour a pledge to lift output.

"(State oil marketer) Aramco called us late yesterday and said they had extra barrels available for August," an executive at one leading Saudi client said.

Other major lifters of Saudi crude oil confirmed they too had received the same message from the kingdom — the world's biggest exporter — making good on a two-week-old pledge to up output by 500,000 barrels per day (bpd).

Industry sources familiar with Saudi production policy on Wednesday said Riyadh had released 250,000 bpd in July and would double the extra volumes in August.

Most of the extra crude is going to the United States and Asia.

Tanker brokers said they seen evidence of higher Saudi exports in shipping fixtures. "More oil is being shipped," said broker Sultan Riaz of Geneva-based Marinav Shipping and Trading.

He estimated that July liftings from the Middle East were due to total about 35.5 million tonnes this month from a previous peak this year of 34.5 million tonnes.

US Energy Secretary Bill Richardson praised that he described as Saudi Arabia's lead in signalling a supply increase and urged the rest of OPEC to follow suit.

"It is clear the world needs more oil," Richardson told reporters after a Senate hearing on fuel prices.

Saudi has made plain it would like to see prices subside to $25 a barrel to prevent long-term damage to petroleum demand prospects and to dampen inflationary pressures in the West.

OPEC observers speculate that the kingdom has made no official announcement because it does not want to be seen damaging OPEC unity.

Officially the Organisation of the Petroleum Exporting Countries has postponed the release of more oil because prices are now below its threshold for extra production.

S'pore economic outlook brightens as exports rise

SINGAPORE, July 21: Singapore's 10.5 per cent jump in June non-oil exports on the year and 11.6 per cent rise for the first half continues to reinforce the bright out look for the economy and manufacturing this year, economists said yesterday, reports Reuters.

While the June number was slightly below expectations, overall growth was intact and would be aided by strong global electronic demand, recovering Asia and expanding US and European economies to which a bulk of the city state's exports go.

The Trade Development Board (TDB) said June non-oil domestic exports, or export of locally produced goods, totalled S$9.38 billion ($5.37 billion) and total trade rose a nominal 23.9 per cent.

In the first six months, non-oil exports rose 11.6 per cent to S$52.3 billion year-on-year, the TDB said.

"The swing factor was Japan, we are calling that a blip, if you take that into account, than market expectations were correct," Paul Schymyck, IDEAglobal.com economist said.

The TDB said exports of assembled printed circuit boards and computer parts and peripherals declined to Japan for the month.

A Reuters poll of 10 economists had forecast an average 12.9 per cent non-oil exports growth on the year in June.

Japan central bank upgrades its view on economy

TOKYO, July 19: The Bank of Japan (BOJ) upgraded its view of the economy in a monthly report released today, strengthening the view that it is keen to hike interest rates sooner rather than later, reports Reuters.

"The Japanese economy is recovering gradually, with corporate profits and business investment continuing to increase," the report said.

In the previous month's report, the central bank had said only that the improvement in the economy was becoming clearer.

The report was approved at a closely-watched Policy Board meeting on Monday when the bank decided to keep its 17-month-long policy of guiding key short-term rates virtually to zero — a policy the BOJ itself brands "abnormal".

The BOJ said the economy is likely to continue to recover gradually, helped by raising corporate capital spending, although it added that was dependent on no external shock emerging — a new phrase added to the July report.

In the first monthly report since it released its key quarterly "tankan" corporate survey, in which the improvement in business sentiment diffusion index beat economists' forecasts, the central bank said corporate capital spending continued to expand while corporate profits and sentiment continue to improve.

"The Bank of Japan thinks uncertainty about capital spending is dissipating," said Deutsche Securities senior economist Chotaro Morita.

Germany-Russia debt restructuring deal soon

BERLIN, July 21: Germany will sign a bilateral agreement on debt restructuring with Russia in coming weeks that will massively reduce Russia's debt burden, a German newspaper reported yesterday, says Reuters.

Citing government sources, the Handelsblatt business daily said in an advance copy of a report in its Friday edition that Russian debt from 1998, 1999 and 2000 would be restructured to the tune of around eight billion marks.

Repayment dates would be extended until 2016, Handelsblatt said, which would enable a Russian debt restructuring deal reached last year with the Paris Club of debtors.

No comment was available from the Finance Ministry but the report is in line with recent comments German Deputy Finance Minister Caio Koch-Weser, who said on Wednesday that another Paris Club rescheduling was possible later this year.

China, Russia ink four more deals

BEIJING, July 21: China and Russia signed four more agreements yesterday, including two on petroleum and gas, bringing the number of documents signed by the two countries to nine during Russian President Vladimir Putin's maiden state visit to China, reports PTI.

The four documents signed yesterday include an agreement between the two education ministries and a Memorandum of Understanding (MOU) on approving certain designated companies from South Korea to participate in the feasibility study of a gas pipeline project in Russia.

The MOU was signed by the natural petroleum gas working groups of China and Russia, the official Xinhua news agency reported, hours after Putin left for Pyongyang, capital of North Korea.

Another MOU was signed by the China National Petroleum Corporation (group), the Russian Energy Ministry, a Russian pipeline company and the Yukos Oil Corporation of Russia.

In addition to the agreement and two MOUs, a sales and purchases contract on 300,000 tons of West Siberia Light Oil between China United Oil Corporation and Yukos Corporation was also signed.

ECB leaves key rate unchanged

FRANKFURT, July 21: The European Central Bank kept its main interest rate unchanged Thursday despite new figures that showed inflation bursting through the roof in June with its biggest jump in two years for the 11 nations using Europe's common currency, says AP.

The 2.4 per cent monthly inflation figure released this week upped the pressure on the ECB's governing board to hike interest rates after its regular meeting.

But most economists said the central bank's last surprise hike to 4.25 per cent in June was enough to keep a lid on inflation through the summer and they expected the next rate hike will come in September.

Still, inflation remains a worry.

The Frankfurt-based ECB manipulates interest rates for the countries using the euro in order to inflation under a self-imposed 2 per cent ceiling for the year. Raising interest rates tends to cool inflation.

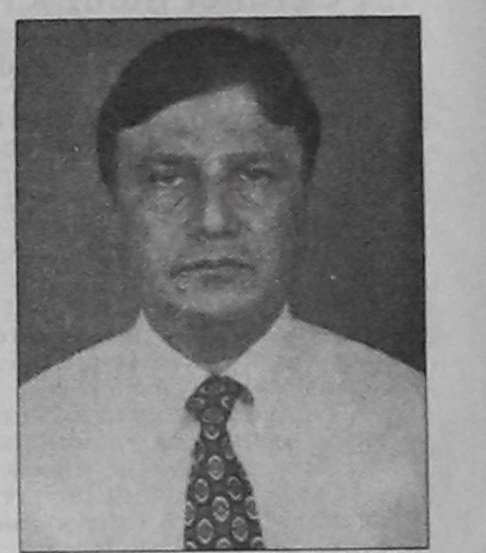
On Tuesday, the European Commission said inflation hit 2.4 per cent in June — up from 1.9 per cent in May — and blamed the surge on higher oil prices.

Officials at the ECB forecast high oil prices spilling over into higher prices across the board in Europe, but also expect it to be a temporary phenomenon.

Of more concern are the European countries that have consistently high inflation and the persistent weakness of the euro against the dollar.

The booming economies in Ireland and Spain have continually registered high inflation rates, with Ireland topping the euro chart in June at 5.4 pre cent.

Meanwhile, the euro has resumed its fall against the dollar, making it more expensive to buy imports in the euro-using countries. After hovering in the 94 cent to 95 cent range for weeks, the embattled currency plunged to 92 cents this week on the release of weak economic data.



New executive director of CMSL

Mufakhkharul Islam has joined Capital Market Services Ltd (CMSL), a merchant bank, as its Executive Director, says a press release.

Prior to joining the present position, he was with Prime Bank Ltd as Senior Vice President.

Islam started his career as a probationary officer in the Sonali Bank in 1978. In 1984, he joined Investment Corporation of Bangladesh (ICB) as SPO.

He served in ICB for more than ten years and was promoted to the rank of AGM in 1989.

He joined Prime Bank as Vice President in April 1995.

He undertook higher studies in the UK on 'investment banking and security analysis' leading to MSc in Finance.

He is a widely-travelled person and attended many seminars, workshops and training courses both at home and abroad.

German inflation may overshoot expectations

FRANKFURT, July 21: The German state of Bavaria reported today that consumer prices rose 0.5 per cent in July indicating that pan-German inflation might overshoot market expectations for the second month in a row, reports Reuters.

The state statistics office said consumer prices rose 1.8 per cent year-on-year, up from a 1.7 per cent annual increase in June.

"It appears that package holiday prices are doing it again. We have seen unseasonally strong growth in these prices over recent months and it has got to be the currency that is boosting it," said economist Catherine Lee at RBS Financial Markets.

Economists polled by Reuters this week predicted on average a 0.5 per cent monthly rise in the pan-German consumer price index and a 1.7 per cent annual rise.

IMF to streamline conditions underpinning its loans

WASHINGTON, July 21 : The International Monetary Fund wound up two days of closed-door talks with a promise to streamline the conditions underpinning its loans and new pledges not to neglect the poor, IMF sources said reports Reuters.

Board members and other sources at the global lender, speaking after a two-day weekend retreat with new managing director Horst Koehler, said the IMF wanted to refocus the conditions for its loans and stress macroeconomic issues.

"The idea is that we should get back to the macroeconomic basics and not try to reform every aspect of a country," said one IMF board member. "But there is still an awful lot of gray territory on what the IMF core business really is."

The planned shift back to the IMF basics of exchange rates, fiscal and monetary policies and financial sector reforms shows during the world financial crisis of 1997-99, when IMF loans included a raft of structural reform proposals.

Critics said the fund was ignoring political realities as it pressed for abrupt shifts in policy in the countries caught up in the crisis. A massive credit to Indonesia contained dozens of reform proposals, including new rules on subsidies and a drive to close dozens of troubled banks.

"What clearly emerged is that there is a need for some adjustment in the way conditions are designed, and for more political judgement," a second board members said.

But the sources said streamlining conditions for IMF lending did not mean terms would be softer than before.

"There was a general feeling that we should provide alternatives, that we should give the authorities more time and occasion to consider conditionality," said another source. "If there are too many conditions there is less of a sense of ownership."

The IMF, anxious to avoid charges it adopted a one-size-fits-all approach to its multi-billion dollar loans to stem the 1997-99 crisis, has been insisting countries "take ownership" of reforms which underpin loans.

A plan which a country accepts as its own is more likely to be credible than one which government officials say is imposed on the country by a remote and aloof IMF, fund officials say.

Koehler, a former German finance ministry official, has also called for a clear separation of powers between the IMF and the World Bank, which were both set up to rebuild a tattered world financial system after World War II.

The boards of the two institutions hold a joint seminar later this month.

Koehler took over at the IMF in May, midway through a bitter debate about whether the IMF was overstepping its reach as it added new conditions to its lending programmes.

Revenue earning beats target in Rajshahi

PABNA, July 21 Customs authorities in Rajshahi claimed to have collected Tk 232 crore revenue in the last fiscal year, surpassing its target of Tk 227 crore, reports UNB.

The income is Tk 36 crore higher than Tk 196 crore of the previous (1998-99) fiscal year. The revenue target in 1998-99 was Tk 194 crore.

Official sources said that total income of the last fiscal (1999-2000) in the form of customs and exercise duty and VAT was Tk 146 crore. The main sources of revenue income were identified as imports of stones, coal, rice, pulse and fruit from India through the land ports of Hilly, Sona Mosque and Burimari.

A high official of the Rajshahi Customs, Excise and Vat Commissionerate told UNB that decreasing revenue-evasion trends and efforts of officials pushed up the revenue earning.

Meanwhile, Pabna Customs Excise and Vat office also claimed to have beaten its target of Tk 48 crore in the last fiscal year.

Malaysian bank merger deadline within reach

Central bank gov says

KUALA LUMPUR, July 21: Malaysia's central bank is optimistic that a year-end deadline for a major bank merger programme can be met despite disputes between prospective partners, a report said today, reports AFP.

Bank Negara governor Zeti Akhtar Aziz, quoted by Business Times said the December 31 deadline could be met despite various glitches and the fact that three of the designated 10 "anchor" banking groups have yet to announce merger details.

The country's 54 banks and finance houses have until the end of the year to merge into the 10 groups under a central bank plan announced last year to strengthen the sector to meet the challenges of liberalisation.

But Phileo Allied Bhd. said Monday its shareholders had rejected as inadequate the offer from the country's biggest bank Malayan Banking Bhd. (Maybank).

Phileo said its key shareholder Avenue Assets Bhd. felt that Maybank's offer "substantially undervalues" the company.

Mokhzani Mahathir, a son of Prime Minister Mahathir Mohammad, is the controlling shareholder of two holding companies which have a substantial stake in Avenue Assets.

Plans to merge Arab Malaysian Merchant Bank Bhd. and Utuma Bank Bhd. have also run into problems over the issue of control of the new entity, Business Times said.

Despite these concerns, Zeti was quoted as saying the merger programme had made "tremendous progress."

"The issues that remain for the most part revolve around valuations and efforts continue to be directed by the parties concerned to resolve them," she added.

In July last year the central bank announced a tough programme of forced mergers to create six big groups.

Kuwait assures Pakistan of normal oil supply

KUWAIT CITY, July 21: Kuwait yesterday assured its top customer Pakistan of normal supplies of refined oil products despite a blast last month that shut down the emirate's main refinery, reports AFP.

Pakistan's Minister of Petroleum and National Resources Usman Aminuddin said his country would be accorded a most favoured nation status in receiving oil from Kuwait.

Kuwait's "oil minister has assured me that Pakistan is on the most favoured nations' list and will be given priority in receiving our requirements," Aminuddin said following his talks with his counterpart, Sheikh Saud Nasser al-Sabah.