Plans to charge more for IMF loans under fire

WASHINGTON, Aug 4: Proposals from rich countries to make borrowers pay more for loans from the International Monetary Fund are meeting stiff resistance at the global leader and a consensus is still far away, monetary sources said, reports Reuters.

The sources, speaking on condition that they were not identified, said some IMF member countries were angry at suggestions that the IMF should charge more for its loans, and at proposals that countries borrowing over long periods of time pay more than those taking out a single loan

"Getting to a consensus is going to be a long, long process," said one source. "If you tell people who are in debt that they are going to have to pay more for their money, you cannot be surprised if the reaction is negative.

The sources said the IMF board had started discussing the ideas, which came from the Group of Seven rich industrialised countries. But no concrete proposals had yet been submitted about when higher interest rates might kick in or how high borrowing costs might rise.

The G7 suggested last month that long-term borrowers should pay more for IMF loans, a proposal which would make it costlier for countries like Russia or the Philippines to get IMF cash.

Russia has been borrowing off-and-on from the IMF since shortly after it joined the fund in 1992, and it owed the global lender just over $13 billion at the end of June.

The Philippines has had 23 IMF lending programmes over a 38-year period, including one loan which expires later this year. Its debts to the IMF were $1.3 billion on June 30.

Excluding heavily subsidised credits to poor countries, most IMF loans currently charge around 5.5 per cent after a grace period of up to 4-1/2 years, in addition to small one-time fees.

That interest rate, assessed for borrowing in the IMF's Special Drawing Right basket of currencies, is considerably lower than IMF borrowers would pay if they tapped capital markets under their own right. Some might find it hard to raise money on private markets anyway.

Short-term emergency funding through a new lending window opened to cope with the world financial crisis of 1997-99 costs countries up to 10.5 per cent if they wait until the bitter end to pay the money back.

Ford Motor Co. Vice President of Design, J Mays, poses next to the new 2002 Ford Explorer at their design centre in Dearborn, Michigan Thursday. The 2002 Explorer features all new designs and will be available in January 2001. For the past 10 years, the Explorer has been the best-selling SUV in the world.

--AFP photo

Weekly Currency Roundup

July 31-Aug 3

Local Market

Last week was an active one for the local foreign exchange market. It was witnessed by high demand of dollar and active trading in other currencies too. The demand for dollar was mainly attributed to import related payments of the corporate clients. The dollar demand was also fuelled by corporate clients increased interest to hedge their foreign exchange exposures. The market still remained apprehensive about depreciation of Taka against Dollar. It may be noted that Bangladesh Taka was last depreciated on 30th November 1999. Throughout the week dollar traded in a high and narrow range.

Last week the call money market was relatively stable and moderate. It started the week with a low note and remained the same through most of the week. However, on the last day of the week, call money market rose again and the call rate ranged between 5.0 and 6.0 per cent.

International Market

In first half of the week in the international markets the dollar revisited 10-week highs against the yen as expectations of an interest rate hike in the United States as early as August were revived on the back of last week's strong growth features. Yen negative factors continued to pile up including another slide in Japanese stocks to 16 months flows. Investors fretted about the risk of further bankruptcies following the collapse of the major department store chain Sogo. The relentless slide in equities reinforced the market's view that the Bank of Japan will not end its zero interest rate policy soon. Meanwhile, political worries were heightened after Japan's top financial regulator Kuze were forced to resign in a scandal over accepting fees and benefits.

In the latter part of the week, euro was ten-week low against the dollar and two-week lows against the yen. Meanwhile the market showed little interest to French consumer confidence which rose to an all-time high of three in July. The market players commented that the euro was benefiting from the weakness of Japanese stocks. The benchmark nikkei average closed down 391.75 points of 2.42 per cent on the last working day. The market awaits the Bank of Japan Policy Board Meeting on August 11 to see if it will finally lift the rates.

— Standard Chartered Bank

Oil prices hit 2-week high as US stocks drop

LONDON, Aug 4: Oil prices coasted to two-week highs yesterday, spurred on by traders fretting over a sharp drop in crude stocks in top consumer the United States, says Reuters.

Benchmark Brent crude for September last traded up 75 cents or 2.7 per cent at $28.34 a barrel after hitting a session high of $28.35. Brent's strongest value since July 20.

US light crude futures were 40 cents stronger at $28.65.

On Wednesday, Brent surged 45 cents and the US benchmark soared 47 cents following bullish US oil stocks reports.

Those gains partly unravelled Saudi Arabia's efforts to cool off prices with additional supply, news of which had helped bring prices down to near three-month lows on Monday.

The American Petroleum Institute's (API) report late on Tuesday shocked the market with news of a nine million barrel drop in US crude stocks in the week to July 28.

On Wednesday, the Energy Information Administration (EIA) fanned the flames with its report showing an even sharper drop of 10.6 million barrels to 284.1 million barrels for the week ended July 28 — the largest weekly draw since January 1, 1999.

"This all got started with these stock figures, which were much bigger than expected. That's what got us up there," said a London trader. "Now we've retaking yesterday's high."

Although the market was quick to react to the data, some analysts pinned the falls on lower US crude imports rather than a reflection of tight crude supplies.

OPEC's Saudi Arabia has signalled it is hiking output on its own to try to bring prices down to a targeted $25 a barrel in response to pressure from Washington following record gasoline prices in the largest US market.

Industry sources said Saudi Arabia, the dominant power in the Organisation of the Petroleum Exporting Countries, planned to move 250,000 bpd more oil in July and another 250,000 bpd in August, although Riyadh has kept silent about its intentions.

Meanwhile OPEC President Ali Rodriguez, also Venezuelan Energy and Mines Minister, said he saw no need for a joint meeting with his Saudi Arabian and Mexican counterparts before the oil cartel's scheduled meeting in September.

The three countries were the architects of a series of oil output curbs in 1998 and 1999 by OPEC and other exporters that hoisted prices from sub-$10 lows to peaks over $30 this year.

Rodriguez, who will accompany Venezuelan President Hugo Chavez next week on a tour of the 10 other OPEC members, told reporters he was in permanent contact with cartel.

"There's a commitment to keep prices in a range between $22 and $28 barrel and if you take on a commitment and you want it to be credible you comply with it," he said.

The oil cartel's agreement to hike output by 708,000 bpd in June — its second increase of the year — failed to have the desired effect on buoyant markets, which were only moved by the Saudi pledge to go it alone with a 500,000 bpd boost.

Pakistan's main stock market grows 8pc in six months

KARACHI, Aug 4: The market value of the Karachi Stock Exchange (KSE) soared 7.6per cent in the first six months of the year, with growth largely driven by traditional rural stocks, officials said yesterday, reports AFP.

"Good cotton crops, the recovery of the textile sector and the interest rates cut were the main instruments which improved the stocks' positions," KSE Chairman Arif Habib said.

The KSE 100-Index started the year at 1,408.91 with traded share values at 366.669 billion rupees (6.9 billion dollars). By June 30 it had grown to 1,520.74 with a market capitalisation of 394.445 billion rupees.

The notoriously volatile market peaked on March 22 at 2,054.43 but lost more than 500 points in May.

"The market was artificially high in March but now it is stable. However, the negotiations with the IMF (International Monetary Fund) are crucial and vital for both the economy and stocks," Habib said.

Pakistan had a bumper cotton crop in the year ending June 30 producing 10 million bales and boosting textile exports by 12 per cent.

US revises computer export controls

WASHINGTON, Aug 4: President Clinton yesterday revised government controls on computer exports for the fifth time since 1993, relaxing controls on some countries and raising the computing-speed threshold at which the standards apply, says Reuters.

"This action reflects the Clinton administration's efforts to ensure effective controls on militarily sensitive technology while taking into account the increased availability of commodity products, such as servers and workstations, of which millions are manufactured and sold worldwide every year," the White House said in a written statement.

The changes do not affect a virtual embargo on computer exports to North Korea, Cuba, Iraq, Iran, Libya and Sudan.

The White House said that it was elevating Argentina to its so-called "tier one" group of unrestricted computer importers, which comprises Western Europe, Japan, Canada, Mexico, Australia, New Zealand, Hungary, Poland, The Czech Republic and Brazil.

Exporters will be able to sell faster computers to countries in the second tier without individual licenses. The speed threshold for an individual-license requirement was raised to 45,000 million theoretical operations per second (MTOPS) from 33,000.

In addition, Estonia was raised to the second tier from the third, effective after a 120-day congressional notification period. Other second-tier countries include those in South and Central America, South Korea, most of Southeast Asia, Slovenia and most of Africa.

For third tier countries, the administration ended its distinction between military and civilian uses in setting export controls. It set a single, individual-license threshold of 28,000 MTOPS, up from 12,500 MTOPS for military uses and 20,000 MTOPS for civil uses.

It also raised the notification threshold, at which the commerce department must be notified in advance of exports to third-tier countries, to 28,000 MTOPS from 12,500 MTOPS.

Tier three countries are India, Pakistan, the Middle East and Maghreb regions, the former Soviet Union, China, Vietnam, and Central Europe.

Cambodian women smile as they prepare their stall at Phnom Penh's famed Russian market, presently under renovations, on Friday as many other stalls in the market remain incomplete and empty. Renovation of the new market, which began in early 1997 but stopped after fractional fighting in July 1997, is part of an overall plan to upgrade the eight major shopping areas in the Cambodian capital after decades of civil war left the majority of Cambodian infrastructure and public places in disrepair. --AFP photo

HK seen posting another double digit growth in second quarter

HONG KONG, Aug 4: Hong Kong is expected to have recorded another round of double-digit economic growth in the second quarter, according to Financial Secretary Donald Tsang and private economists, reports Reuters.

Tsang said the government would announce double-digit gross domestic product (GDP) growth for the second quarter, and would raise its six per cent forecast for full-year GDP growth.

The Hong Kong Economic Times quoted Tsang as saying Hong Kong's re-exports benefited from recovery in Southeast Asia and strong growth in China trade, and tourism by both mainland Chinese and Japanese tourists had increased over the year.

Private economist said they were also looking for double-digit year-on-year growth in the second quarter, though at a slower rate than the stunning 14.3 per cent growth seen in the first quarter due to weaker growth in exports.

EU business sentiment nears record highs

FRANKFURT, Aug 4: Europe's economy looked in healthy shape yesterday after a number of surveys showed consumer and business sentiment holding near record highs, but this provided cold comfort for the common currency and the region's holiday-bound citizens, says Reuters.

Data from France, the European Commission and Reuters service sector index all told a similar tale, economists said.

Strong consumer confidence implied domestic demand was now pulling the euro economy faster than currency-sensitive exports.

Input prices were a worry, although signs of a peak in the service sector should calm concern of production bottlenecks hitting prices that could bring recovery to a shuddering halt.

But the numbers did nothing to bolster the euro, which has slipped to its lowest level in 10 weeks on currency markets, vexing Europeans planning to spend the summer holidays outside the common currency zone.

It was briefly pressured beneath 90.00 to the dollar after the European Central Bank left rates on hold and as investors continued to evaluate evidence of the rampant US economy.

Economists expect the ECB to raise rates after its four-week summer break, although mild wage inflation and a pick-up in productivity might temper an aggressive reaction to the currency's ills, which push import costs higher.

European Commission data showed that employment prospects and consumer confidence advanced across the 11-nation common currency zone in July, with industrial production retreating slightly.

"The overall picture is of continuing above-trend growth," said economist Catherine Lee at RBS financial markets.

The export recovery boosted employment and is underpinning consumption ... (This) reinforces a picture of self-sustained and increasing domestic demand in the eurozone," she said.

Shipping Intelligence

Chittagong Port

Berth position and performance of vessels as on 3.8.2000

Berth No.	Name of vessels	Cargo	L.port call	Local agent	Date of arrival	Leaving
J/2	Isaac Light	Wheat(P)	Geel	Angelic	11/7	8/8
J/3	Chettinad Glory	Wheat (P)	Sing	SBS	19/6	10/8
J/4	Xiang Cheing	GI	S.Hai	Bdship	26/7	6/8
J/5	Dawei	Rice(P)	Yang	MTA	21/7	4/8
J/6	Marquis	GI(Y.Pe)	Sing	Seaglory	5/7	13/8
J/7	Ever Cheer	GI(Cr.C)	Mong	RML	20/7	4/8
J/8	Ocean Breeze	GI	Sing	Prog	21/7	10/8
J/9	Apex	Rice(P)	Saig	Cindy	10/6	3/8
J/10	OSG Argosy	Cont	Col	Everbest	1/8	5/8
J/11	Banglar Robi	Cont	Sing	BSC	1/8	4/8
J/12	An Da	GI(St.RL)	Lanj	Lutful	3/7	4/8
J/13	Kota Cahaya	Cont	Sing	Pil(BD)	29/7	4/8
CCT/1	Banga Bijoy	Cont	P.Kel	Bdship	30/07	4/8
CCT/2	Banga Birol	Cont	P Kel	Bdship	29/7	6/8
CCT/3	Acturia	Cont	P Kel	QCSL	1/8	6/8
RM/14	Al Bauraq	Cement	Haka	Seacom	23/6	6/8
RM/15	Cendikianwan	C.Clink	Pada	PSAL	27/7	10/8
CCJ	Al Shams	C.Clink	Pada	RML	28/7	6/8
GSJ	Nan Chang Hai	Wheat(P)	Edad	Litmond	29/7	17/8
MR/3	Global Uranus	RBD/C Coil	P Gud	TSL	1/8	3/8
DOJ	Banglar Shourabh	C.Oil	-	BSC	R/A	7/8
DD	Banglar Doot	Repair	-	BSC	R/A	10/8
DDJ/2	Ramey Tide	-	K Dia	Arafeen	R/A	-
RM/8	Al Muztuba	Idle	Okha	Cla	17/7	7/8
RM/9	Banglar Gourabh	Repair	-	BSC	R/A	15/8
Gupta	Ocean-1	Idle	Yang	SMSL	10/7	3/8
Kafco (U)	Grant Mariner	Urea	Sing	Rainbow	3/7	5/8

Vessels due at outer anchorage

Name of vessels	Date of arrival	L.Port call	Local agent	Cargo	Loading port
Eagle Sky (Cont) 24/7	3/8	Sing	Nol	Cont	Sing
Xpress Makalu(Cont) 30/7	3/8	Sign	RSL	Cont	Sing
Bago	3/8	Yang	Eberett	GI	-
QC Teaf (Cont) 2/7	4/8	P Kel	QCSL	Cont	Sing
Amethyst (48) 30/7	4/8	-	-	GI(Plywood)	-
Mergui	6/8	Yang	MTA	Rice(P)	-
Nautilius	10/8	Zhen	HSL	R.Phos	-
Xpress Padma (Cont) 19/7	6/8	Sing	RSL	Cont	Sing
Jaami (Cont) 30/7	6/8	Sing	Cross	Cont	Sing
Tiger River (Cont) 26/7	6/8	Sing	Nol	Cont	Sing
Dragon Kalimantan (Cont) 26/7	6/8	Sing	Nol	Cont	Sing
Xpress Resolve (Cont) 26/7	7/8	Sing	RSL	Cont	Sing
Kota Singa (Cont) 24/7	6/8	Sing	Pil(BD)	Cont	Sing
OSG Alpha (Cont) 30/7	7/8	Sing	RSL	Cont	Sing
Jutha Parichart (Cont) 19/7	9/8	P.Kel	RSL	Cont	Sing
Bright Fortune	8/8	-	SBS	Sugar(TCB)	-
Jaya Mars (Cont) 30/7	9/8	Col	Everbest	Cont	Sing
Chu Hong (Cont) 30/7	8/8	Sing	QCSL	Cont	Sing
Kota Naga (Cont) 31/7	9/8	Sing	Pil(BD)	Cont	Sing
Da Fu (Cont) 11/7	10/8	Sing	RSL	Cont	Sing
Arabella (Cont)2/8	10/8	PK	QCSL	Cont	Sing
Boxer Capt Cook(Cont)2/8	11/8	P Kel	Bdship	Cont	Sing
Banglar Shikha(Cont)2/8	12/8	Sing	BSC	Cont	Sing
Banga Biraj (Cont) 30/7	14/8	Sing	Bdship	Cont	Sing

Tanker due

Saucon	4/8	Sing	MSTPL	SKO/JP-1	-

Name of vessels	Cargo		Last port call	Local agent	Date of arrival

Vessels at Kutubdia

Energy Exdplorer-IV	-	-	BBAL	5/4
Ismaya	-	-	BBAL	17/8
Gulf Dalder	-	Buliz	Arafeen	R/A(15/7)
Dea Champion	-	-	Arafeen	R/A(27/7)
Britoil-38	-	-	Arafeen	R/A(2/8)
Dea Conqueror	-	-	Arafeen	R/A(30/7)
Seabulk Command	-	-	IBS	R/A(24/7)

Vessels at outer anchorage:

Ready on

Min Jang	GI	Sing	Bdship	25/7
Bay Pride	GI(Log)	Yang	SMSL	26/7
Yemaya	Rice(P)	Sing	Litmond	21/7
Sam Il Po	Rice(P)	Saig	Rainbow	22/7
Haci Resit Kalkavan	Wheat(P)	Teki	Angelic	6/7
Sanko Rainbow	Wheat(P)	P.Land	Rainbow	22/7
Cebu	Wheat(P)	Sing	Angelic	19/7
QC Pintail(Cont)	Cont	Sing	QCSL	2/8
Banglar Moni(Cont)	Cont	Sing	BSC	3/8
Halldor	Urea	Mad	MBL	3/8

Vessels not ready

Esco Virgo	GI (WT.CE)	Bank	Rainbow	29/7
Orient Independence (Cont)	Cont	Sing	Bdship	23/7
Wei Ming	C.Clinik	Sing	RKSA	1/8
Padma (Cont)	Cont	Col	Everbest	1/8

Vessels awaiting instruction

Banglar Jyoti	-	-	BSC	R/A(24/7)
Banglar Urmi	Ballast	Mong	BSC	R/A(29/7)
Banglar Mamata	Ballast	Kara	BSC	26/7

Vessels not entering :

Elpida	GTSP	Tampa	Litmond	6/7
Virgina-1	CTSP	Tuni	SSST	28/7
Banglar Mookh	Dat	Tuni	SSST	24/7
Leopard-1	C.Clink	Kosh	ANCL	8/7
Johnny-1	C Clink	Krabi	ANCL	28/7
Mega Bay	Scraping	Sing	Simni	11/7
Sea Shah	Scraping	C Town	Oil	1/8
North Star-II	Cement	-	SBS	R/A(13/7)
Accord	Cement	-	Viking	5/4
Norbulk Oak	-	-	NWSL	R/A(3/7)
Revenge	-	-	Sunshine	R/A(9/10)
Xing Ye	Rice(G)	-	MBSCL	R/A(20/6)
Karya Sentosa	Rice(G)	-	USTC	R/A(18/9)

Movement of vessels for 5 & 6.08.2000

Outgoing	Incoming	Shifting
5/8		
J/5 Dawei		J/5 Bay Pride
J/7 Ever Cheer		NB Sam Il Po
		J/7 Esco Vergo
		RM/6 Saucon
6/8		
J/4 Xiang Cheng		CCT/2 Padma
J/10 OSG Argosy		NB Eagle Sky
CCT/2 B Birol		J/10 Xpress Makalu
CCT/3 B Birol		CCT/3 QC Teal
Kafco(U) D Mariner		J/4 Sam Il Po
		Kafco(U) Halder

The above are shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by **HRC Group**, Dhaka.

Bid to ease supply crunch

Clinton orders 5pc cut in California power use

WASHINGTON, Aug 4: President Bill Clinton yesterday ordered federal agencies in California to cut their power use by an estimated five per cent to ease a crunch in the state's electricity supplies because of near-record demand inspired by broiling heat, says Reuters.

Clinton also ordered the federal power marketing administrations, such as the Bonneville Power Administration in the Pacific Northwest, to maximise the amount of electricity that could be delivered to California.

"Currently the supply of electrical power is tight in California due to record demand for electricity. The state faces rolling blackouts in some areas. These conditions put both customers and businesses at risk," Clinton said in the order to federal agencies.

California faced a power emergency for a fourth consecutive day on Thursday, as scorching heat held demand near record levels and kept the state's troubled deregulation plan in heated debate.

The California Independent System Operator (ISO), which operates most of the state's power grid, appealed for voluntary power conservation by issuing a so-called Stage one emergency.

For the three preceding days it had been forced to call Stage Two emergencies, under which services to some industrial and commercial customers is interrupted. These customers get power at a discount in return for agreeing to have their service cut when supplies are tight.

To help ease the problem, Clinton told managers of federal buildings in the state to reduce power consumption as much as possible and to work with other state and local agencies to minimise power use in all government buildings.

The measures would reduce power consumption in federal facilities by five per cent, the White House said.

"As one of the largest power consumers in California, it is critical that the federal government take every possible step to reduce non-essential power consumption at federal facilities in the state," Clinton said.

He also said federal agencies that produce or market electricity must do what they could to increase power availability in California.

As a long-term solution, Clinton reiterated that Congress should pass comprehensive legislation to restructure the nation's $230 billion electric sector, which will promote more investment in new electric generation and transmission facilities to make the nation's electric power grid more reliable.

Half the states have acted to open their retail electricity markets to competition, but Congress is under pressure from the electric industry and the Clinton administration to help complete the transition from monopoly services to competition by rewriting federal regulations over the sprawling power sector.

The restructuring bill will likely be further delayed, for lawmakers are expected to spend much their time when they return from summer recess in early September to pass a federal budget before adjourning in early October for the autumn elections.

The continuing crisis in California prompted the state's governor, Gray Davis, on Wednesday to order an investigation into possible market manipulation and to seek to speed up the approval process for desperately needed new power plants.

California blazed the trail for electricity deregulation in the United States two years ago.

$20b needed to pull Africa out of slump: UN report

UNITED NATIONS, Aug 4: Rich nations need to spend $20 billion in Africa, twice the current amount, over the next decade to generate enough growth to get the continent out of its aid dependency trap, a UN report said, reports Reuters.

Capital outflows and reserves to guard against instability eat up most of a country's finances, making poor countries ever more dependent on foreign help, said the report from the UN Conference on Trade and Development (UNCTAD).

At the same time official government aid or funds from financial institutions have decreased over the past two decades, slowing growth and driving away foreign investment, which is only drawn to an expanding economy.

"It's vicious circle," said Carlos Fortin, the deputy secretary-general of UNCTAD. "In order to develop, they need to generate enough resources to devote to savings and investments that would produce growth. But because they are poor and they do not have the savings, they remain poor."

"There is a great deal of concern in the international community about the need to do something about Africa," Fortin told a news conference. "And what we are saying here that what has been done so far is not good enough. It will not help Africa break out of this aid dependence."

Using models from Latin America and East Asia, Fortin, a Chilean, said $20 billion spent over 10 years means African economies could grow fast enough to cut attract private capital and thereby cut the need for external financing.

Capital inflows to sub-Shaharan African countries have dropped from 11.5 per cent of their gross national product in the 1970s to 10.6 per cent in the 1990s. Private capital flows over the same period, fell from 4.3 per cent to 1.5 per cent.

For North Africa, the trend is more dramatic for capital inflows, from 13 per cent of GNP in the 1970s to 3.2 per cent in the 1990s, much of its erratic and linked to arbitrage or prospects of quick capital gain, the report said.

"About 60 per cent of the capital inflows are not used for purposes of investment and growth but either to finance outflows of capital or to build up reserves," Fortin said.

Trade deficits, especially in agriculture, minerals and other commodities are growing because of dropping prices and instability in the exchange rates.

Some 16 countries were analysed — South Africa not among them — from all parts of the region and several scenarios were developed, which Fortin said still had to be refined.

One model assumes analyses how to reach a growth rate of 6 per cent a year for 10-12 years rather than the current 4 per cent, with increasing investments each year.

The most optimistic of the four scenarios reduces the need for net capital inflows from 10 per cent to about 2.3 per cent at the end of 10 years. This would give a nation enough growth to generate its own resources to finance development and attract private investment.

But some policy changes would be have to made on where the money spent. In addition radical liberalisation plans, once imposed by International Monetary Fund's structural adjustment programmes, needed to be revamped.

"The evidence from Africa lends support to the same conclusion as was reached for the emerging markets — that liberalisation of short-terms capital movements brings very little in the way of net flows of capital, while providing significant instability," the report said.

Capital flight, for one, had to be curtailed, involving some controls in the short term.