

RBI threat to exporters a bid to talk up rupee

Economy on slippery ground over oil rise

BOMBAY, Aug 22: The Indian central bank's threat to consider disallowing exporters to retain some of their earnings overseas is a bid to talk up the rupee and the facility is unlikely to be scrapped immediately, dealers said, reports Reuters.

"This has helped the rupee to strengthen, but only for the short term. I don't think the Reserve Bank of India will do away with the scheme immediately," a senior dealer said.

Under the exchange earners' foreign currency (EEFC) scheme, Indian exporters are allowed to retain part of their dollar earnings abroad.

On Saturday, the RBI's Deputy Governor Jagdish Capoor said the central bank was reviewing this facility.

"These accounts were put in place when the exchange control scenario was different... when there were a lot of restrictions. But after current account convertibility this sort of comfort is perhaps not needed," Capoor told reporters.

Capoor's statement followed a decision last week, halving by 50 per cent the amount retained overseas, and a directive to ex-

porters to convert excess dollars into rupees by August 23.

Both the halving of the EEFC Account as well as the threat to review the entire facility, helped the rupee recover strongly.

The rupee was quoted firmer at 45.662/685 to the dollar on Monday afternoon against an opening of 45.73/77. The currency had closed Friday at 45.81/82.

The RBI's latest two measures which came after the rupee fell to an all-time intraday low of 46.08 on August 11 helped the currency recover by nearly one per cent.

Earlier attempts to stem a slide in the currency by raising interest rates and squeezing liquidity had failed and compared to its January level, the currency was still off 4.7 per cent.

Dealers estimate the halving of the EEFC Account would bring about \$1 billion into the country by the deadline of August 23.

V. Ravikumar, chief dealer at ABN-Amro Bank said the RBI would use the scrapping of the EEFC as a weapon the next time the rupee came under pressure.

"I think the scheme will have to go, but slowly. Maybe the next time when the rupee is under severe pressure," he said.

Dealers said the outlook for the rupee, which is convertible only on the current account, continued to be bearish with the balance of payments (BoP) expected to be square in 2000/01 (April-March) after four years of surplus.

A yawning trade deficit and galloping global oil prices will inflate the oil import bill and add pressure on the currency.

An AFP report from New Delhi says: Surging global oil prices combined with a plunge in the rupee against the dollar have cast a shadow over the Indian economy.

"It's a double whammy. We will have to pay more rupees for the dollar while the international oil price levels are rising," said a spokesman for the Federation of Indian Chambers of Commerce and Industry (FICCI).

Experts say the higher price of oil imports coinciding with the rupee's fall are bound to hit India's trade balance, push up inflation and affect other crucial parameters of the economy.

"The oil price has increased from 12 dollars per barrel to 32 to 33 dollars in the last 18 months. This has very great implications," said senior economist DH Pai Panandikar. India imports around 70 per cent of its oil needs.

Panandikar said annual oil consumption was growing at roughly eight per cent, while the economy was growing at about six per cent.

The situation is likely to inflate India's expensive oil import bill to 17 billion dollars this year from 12 billion.

The 150 per cent rise in global oil prices over the past year has drastically increased the federal oil pool deficit and increased pressure on the government to generate more revenue.

Indian state-owned oil companies sell petroleum products to consumers at subsidised prices, for which they are reimbursed by the federal government from the oil pool.

Since the rupee has lost around five per cent of its value against the dollar from the end-March level of 43.60, it has further worsened the deficit in the oil pool account.

EU asks OPEC to increase output, bring prices down

BRUSSELS, Aug 22: The European Union asked the Organisation of Petroleum Exporting Countries on Tuesday to increase oil production to bring down prices, reports AP.

Gerassimos Thomas, a spokesman for the EU Commission, the organisation's executive body, said EU Energy Commissioner Loyola De Palacio telephoned Venezuelan Oil Minister Ali Rodriguez, current president of OPEC, on Monday to ask him to bring prices down.

"These changes in oil prices are leading to great volatility," Thomas said. "The EU asked Venezuela to try and moderate their stance on the oil price and to have a more reasonable price."

EU officials said the 15-nation block would like to see the price of crude oil around \$18 a barrel.

Oil prices have been trading recently near 10-year highs, close to \$30 a barrel.

Thomas said the EU was working with the United States to coordinate efforts to bring down the price of oil.

No Saudi move yet on extra crude

LONDON, Aug 22: OPEC power Saudi Arabia by Monday had yet to signal that it would continue in September its unilateral release of extra barrels

in an effort at containing runaway oil prices, says Reuters.

"We haven't given up hope of extra Saudi barrels in September but we're less optimistic than last month," said an oil executive. "At the moment, the message from (Saudi oil marketer) Aramco is that they're sticking to the July OPEC quota."

By this time last month, they kingdom's biggest customers had received a second helping of August-loading barrels after Saudi Arabia vowed to turn up its taps by 500,000 barrels per day (bpd).

The customers in Asia, Europe and the US so far this month have had no such signal.

With oil prices stuck stubbornly above \$30 a barrel and stockpiles in the United States draining down they are wondering why Aramco has yet to repeat the exercise for September.

"Aramco used a low-key approach with us last month, but the hints were stronger then," said an European customer.

"This time we're doing all the legwork and the response so far has been negative." Some industry sources said Riyadh intends to follow through with its unilateral pledge, but the instructions have not been passed down to Aramco.

"There are some movements afoot to imply there is more oil coming for September," a senior oil executive said. "But nothing

has been implemented on a working level."

Major lifters said - logistics permitting - they might be able to schedule in incremental September barrels from Saudi Arabia as late as early next month.

Prices strengthen

LONDON, Aug 22: Oil markets handed more good news to revenue-hungry OPEC exporters yesterday, with crude rising on jitters about US heating oil stocks ahead of a northern hemisphere winter demand surge, says Reuters.

Prices were also buoyed by a tropical storm in the Atlantic, which was threatening to reach hurricane force and was heading towards the western hemisphere's biggest refinery.

London Brent futures hit a session peak at \$31.15 per barrel before easing back to \$30.62, a rise of 18 cents. Brent stands well above the 12 months-to-date average of \$25.83.

US light crude traded up to \$33 per barrel before closing 48 cents higher at \$32.47.

Oil hit the day's peaks as refiner Hovensa started closing units at its 545,000 barrel per day plant on the Caribbean island of St. Croix amid warnings that tropical storm Debby had a 43 per cent chance of hitting the complex within the next three days.

Rodriguez would be perfect OPEC secy general candidate

CARACAS, Aug 22: Venezuela's state oil company chief Hector Clavaldini said yesterday that Energy and Mines Minister Ali Rodriguez would be an excellent candidate to fill the vacant post of OPEC Secretary-General, says Reuters.

Venezuela, which is currently president of the 11-member cartel, has yet to name a candidate, despite receiving the backing from Iraq.

"I think the Minister Ali Rodriguez has all the qualities to be, not only Secretary General of OPEC, but anything he wanted to be in the world of oil," Clavaldini said in a radio interview.

An Iraqi official said last week that Saddam Hussein had offered to withdraw his candidature in favour of Venezuelan after Venezuelan President Hugo Chavez became the first elected leader to visit Iraq since the 1991 Gulf War.

Clavaldini is a very close friend and ally of Venezuelan president Hugo Chavez, who recently toured the Arab-dominated group to prepare to host OPEC's first heads of state summit in 25 years.

Rodriguez said Saturday that Venezuela had no candidate for the job, which is based at the OPEC secretariat in Vienna.

Economy buzzes with activity

Recession-weary Japan on way to recovery

TOKYO, Aug 22: Japan buzzed with economic activity from April to June, raising hopes that the recession-weary economy is on course for continued recovery, key government data showed today, says Reuters.

"We cannot make direct comparisons with gross domestic product, but looking at supply-side data alone, April-June (GDP) would certainly seem to be positive," a Ministry of International Trade and Industry (MITI) official said.

MITI's all-industries index, watched by many economists as a supply-side proxy for quarterly GDP, rose 1.4 per cent in June from the previous month and 1.8 per cent in the April-June quarter, exceeding economists' expectations and marking a sixth consecutive quarter of growth.

Economists agreed that Monday's data boded well for

April-June GDP, which is calculated from the consumption side of the economy and is due for release around September 10.

In late July, a Reuters poll of 25 economists produced an average and median forecast of 0.5 per cent GDP growth, although Monday's data could spur some upward revisions.

The stock market, struggling to digest selling by retail investors who must cover six-month margin calls, largely ignored the data, although analysts agreed it was better than expected. The benchmark Nikkei 225 index slipped to 16,140.16, down 0.36 per cent, in the morning session.

The April-June period has been a focus of intense scrutiny by the markets, especially since the government said it would decide on the size of a stimulative supplementary budget when it analyses the April-June

GDP numbers.

If the April-June figures are strong it would provide vindication for the Bank of Japan (BOJ) which came under criticism for jumping the gun when it raised interest rates 10 days ago for the first time in a decade.

While economists said the jury may still be out on the BOJ's move, the economy was heading in the right direction.

"It's not so much that the BOJ is correct in its assessment of the economy, but that the downside risks are diminishing," said Yoshito Sakakibara, senior economist at Merrill Lynch Japan.

MITI said the rise in the all-industries index and its core component, the "tertiary index" of service sector activity, marked the longest string of quarterly gains since an eight-quarter rally that ended in January-March 1997.

USAID Funded JOBS Program

Training of Trainers (TOT) Course on Entrepreneurship Development & Business Management

Organised by: Micro Industries Development Assistance and Services

S M Shahidullah, Senior Training Specialist of JOBS Project, speaks at the opening ceremony of the TOT course on Entrepreneurship Development and Business Management in the city on Sunday. Picture also shows Abdul Karim, MD of MIDAS, Golam Sarwar Bhuiyan, GM of MIDAS, Asgar Ali Sabri, Senior Coordinator of JOBS Programme, Proshika, and Madhab Sarkar, Coordinator of SEED Programme, Proshika.

— JOBS photo

JOBS course on entrepreneurship development begins

A 13-day JOBS Training of Trainers (TOT) course on entrepreneurship development and business management has begun.

Organised by MIDAS, the course was inaugurated in the city on Sunday, says a press release.

The course has been designed to enable trainers to conduct training and foster grass root level development of entrepreneurs.

A core group of 30 enterprise development workers, will be trained. They will later provide training to select clients of Proshika's seed programme.

JOBS plans to hold similar TOTs for interested groups in the future.

The aim of the course is to develop the resource base, strengthen facilitation skills, improve management capacity, provide counselling on entrepreneurial development, enhance monitoring and evaluating abilities of the trainees, who will in turn provide similar capacity building support services to beneficiaries at the grass root level.

TULEC executive batches get certificates

TULEC Computer Education held its 5th executive awarding ceremony on Thursday. Abdul Hamid, Deputy Speaker of the parliament distributed certificates among the students of TULEC's 5th and 6th executive batch.

The function was attended by Arabinda Kar, Secretary of the Power Division, Ministry of Energy and Mineral Resources, as special guest and Prof Dr M Kaykobad as guest of honour. A number of prominent figures belonging to top organisations and industries of the country also attended the function, says a press release.

In his speech, Managing Director of TULEC said the govt should create more jobs in IT sector.

Dr M Kaykobad lauded the note of TULEC in producing computer professionals of world standard. Arabinda Kar also appreciated the role of TULEC in the IT sector and expressed his willingness to support its good endeavour.

Whitman buying PepsiAmericas

CHICAGO, Aug 22: Whitman Corp. the No 2 Pepsi-Cola bottler in the United States, is buying its next-biggest rival PepsiAmericas for \$331 million in cash and stock, says AP.

Both companies' boards of directors have approved the transaction which was disclosed Monday. Whitman will also assume \$330 million in PepsiAmericas debt.

The two bottlers said the deal should be completed by year's end and will leave a merged company with annual sales of about \$3 billion.

That would still leave it far smaller than the nations biggest Pepsi bottler, Pepsi Bottling Group Inc., which had 1999 revenues of \$7.51 billion. Robert Pohlad, the 46-year-old chairman and chief executive officer of PepsiAmericas, will take over as CEO at Whitman from Bruce Chelberg, 66, who is retiring. Archie Dykes, chairman of Capital City Holdings and a director of Whitman for 15 years, will become the company's chairman.

"By joining forces, we will be in a better position to facilitate the acquisition of other domestic Pepsi franchises, improve operating results through new efficiencies in the core operations, and improve our service and coordination with large retailers," Pohlad said.

Whitman is 40 per cent owned by PepsiCo Inc., parent of the world's second-biggest soft drink manufacturer, Pepsi-Cola Co. The Rolling Meadows, Illinois-based firm has annual sales of about \$2.4 billion and produces and distributes Pepsi-Cola products in 10 central US states.

Minneapolis-based PepsiAmericas, the No. 3 US Pepsi bottler, produces and distributes Pepsi-Cola and other beverages in nine southern and Midwestern states plus Puerto Rico and Jamaica. Its revenue amounted to \$75 million last year. It is 70 per cent-owned by Dakota Holdings.

The enlarged company will have operations in 18 states plus Puerto Rico, Jamaica, Poland, Hungary, the Czech Republic and Slovakia.

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TULEC COMPUTER EDUCATION

Certificate Award Ceremony & Award Distribution to programmers of BUET

Chief Guest: Mr. Abdul Hamid, MP, Honorable Deputy Speaker of Bangladesh Jati Sangsad
Special Guest: Mr. Abdul Karim, Secretary, Power Division, Ministry of Energy & Mineral Resources
Guest of Honour: Mr. M. Kaykobad, Prof. Computer Science & Engineering Dept., BUET

Franchisee: STAR Computer Systems Ltd.
Venue: 3rd Floor, Chandra Sheela Surveya Tower
Date: 17th August 2000

TULEC Computer Education awarded certificates to its 5th and 6th executive batch at a function in the city on Thursday. It also recognised the students and teachers of BUET who secured 11th position in world programming competition of the 24th World Finals of ACM. Picture shows chief guest Abdul Hamid, Deputy Speaker of Parliament, special guest Arabinda Kar, Secretary, Power Division, guest of honour Dr M Kaykobad, Prof of BUET, Md Ali Hossain Khan, Chairman of Star Computer Systems Ltd, Md Ali Akbar Khan, Managing Director of Star Computer Systems Ltd. and TULEC, Dhaka, and Sujoy Nag, Country Manager of Tata International Ltd.

— TULEC photo

Hong Kong aims to boost US dollar business

HONG KONG, Aug 22: The Hong Kong Monetary Authority (HKMA) hopes the territory's new US dollar clearing system will be launched on Monday, to provide the base to build US dollar business in Hong Kong, reports Reuters.

The territory clears hundreds of billions of Hong Kong dollars worth of business every day and financial supervisors estimate that a large portion of that has a US-dollar leg to it.

The authorities hope that promoting US-dollar clearing during the Asian day, so that businesses do not have to wait until US hours, will help build Hong Kong's financial centre.

"If the system proves to be efficient and user-friendly, which I hope it will be... then I'm sure that it will be very competitive and can attract

business to Hong Kong," said Esmund Lee, the head of Market Systems for HKMA, in an interview.

The launch marks the first real-time US dollar settlement system in Asia, Lee said in the interview conducted on Friday.

The first phase of the new settlement system will allow banks to clear US dollar inter-bank payments and US dollar-denominated stocks traded in Hong Kong.

The second phase commences on September 25 and will offer payment versus payment (PVP) settlement for foreign exchange transactions, which means both sides of a US dollar/Hong Kong dollar deal can be settled simultaneously.

By December, the system will be able to clear US dollar cheques and it will also be

linked to the HKMA's own clearing system, the Central Money Markets Unit.

"There are a lot of transactions in the region which are denominated in US dollars, either in the context of trade in goods and services or in the context of trade in financial products," Lee said.

The territory's Hong Kong dollar real time gross settlement system has a turnover of HK \$350-400 billion a day, but this falls substantially during a US holiday.

"This suggests a lot of the transactions have a US dollar leg," Lee said.

This did not prove the system was viable, he said, noting deals involving overseas parties without Hong Kong bank accounts could not be settled in the territory.

Shipping Intelligence

Berth position and performance of vessels as on 21.8.2000						
Berth No.	Name of vessels	Cargo	L port call	Local agent	Date of arrival	Date of Leaving
J/1	All Round	Rice(P)	Sing	CCNL	11/8	24/8
J/2	Pericles	Sugar(G)	CYP	Fortune	6/8	21/8
J/3	Sanko Rainbow	Wheat(P)	P.Land	Rainbow	22/7	22/8
J/4	Allegro	C Clink	Krabi	NWSL	5/8	27/8
J/5	Ilaci Restt					
J/6	Kalkavan	Wheat(P)	Teki	Angelic	6/7	25/8
J/7	Bay Fortune	Gill(Log)	Teki	Angelic	16/8	25/8
J/8	Cebu	Wheat(p)	Sing	Angelic	19/7	25/8
J/8	Mergul	Rice(p)	Yang	MTA	6/8	28/8
J/9	Asian Prosperity					
	(Roro/24) Veil	P Kel	JF	20/8	21/8	
J/10	Nan Changhai	Wheat(p)	Edad	Litmond	29/7	22/8
J/11	Orient					
	Independence	Cont	P Kel	Bdship	19/8	23/8
J/12	Banga Bijoy	Cont	Sing	Bdship	17/8	23/8
J/13	Acturia	Cont	P Kel	QC SL	17/8	24/8
CCT/1	QC Pintail	Cont	P Kel	QC SL	20/8	24/8
CCT/2	Dafu	Cont	Sing	RSL	15/8	24/8
CCT/3	OSG Argosy	Cont	Col	Everbest	15/8	22/8
RM/15	Welmung	C Clink	Sing	RKSA	1/8	22/8
COJ	St Aubin	C Clink	Krabi	Everett	12/8	24/8
GSJ	Diana	Wheat(g)	K Dia	Lams	R/A	21/8
TSP	Nautilus	R.Phos	Sing	HSL	10/8	22/8
RM/3	Pranaditya Dewitya	E.Oil	Sing	CTPL	19/8	24/8
RM/6	Saucon	HSD	Sing	MSTPL	18/8	21/8
DDJ	Banglar Sourabh	C.Oil		BSC	R/A	21/8
DDJ	Banglar Doot	Repair		BSC	R/A	22/8
DDJ/2	Seabulk					
	Command	-	K Dia	MS	R/A	-
RM/8	Al Muzluba	Idle	Okha	Clia	17/7	23/8
RM/9	Banglar Mookh	Repair	-	BSC	R/A	25/8
Cufli	Mary Nour	Cement	Lank	BSL	11/8	24/8

Vessels due at outer anchorage						
Name of vessels	Date of arrival	L. Port call	Local agent	Cargo	Loading port	
Xpress Makalu (Cont)	13/8	22/8	Sing	RSL	Cont	Sing
Da Cheng	21/8	21/8	-	Bdship	GI	-
Centauri	21/8	21/8	Para	Lams	-	-
Osman Gazi	24/8	24/8	SFI	Litmond	TSP(P)	-
Bright Sea	21/8	21/8	Crabi	MBL	C Clink	-
					(CONFD)	-
Ocean-1	22/8	22/8	Yang	SMASL	Rice(P)	-
QC Teal(Cont)	9/8	22/8	P Kel	QCSL	Cont	Sing
World Amber	24/8	24/8	Sing	Angelic	Wheat(P)	-
Samara	23/8	23/8	Pada	SMASL	C Clink	-
Andhika Adikarya(72)	16/8	22/8	Caga	Asa	GI(St Coll)	-
Banglar Moni(Cont)	7/8	23/8	Sing	BSC	Cont	Sing
Asian Prestige	25/8	25/8	Sing	OTL	-	-
Jaami(Cont)	13/8	23/8	Sing	Cross	Cont	Sing
Jaya Mars(Cont)	14/8	24/8	-	Everbest	Cont	Col
Vielati Pratama(48)	16/8	23/8	Jaka	Litmond	GI(St Coll)	-
Venus(Ex Yusho)	23/8	23/8	Japa	BSL	-	-
Ken Jyo	24/8	24/8	Zhen	OWSL	R Phos	-
OSG Alpha(Cont)	14/8	24/8	Sing	RSL	Cont	Sing
Yemaya	24/8	24/8	Yang	SMSL	Rice(P)	-
Yong Jiang	26/8	26/8	-	Bdship	GI	-
AA Venture	25/8	25/8	-	Clia	Rice(P)	-
Banga Biraj (Cont)	30/7	25/8	Sing	Bdship	Cont	Sing
Pacific Hiro	25/8	25/8	-	Clia	Wheat(P)	-
Xpress Resolve(Cont)	13/8	25/8	Sing	RSL	Cont	Sing
Tiger River(Cont)	13/8	25/8	Sing	Nol	Cont	Sing
Xpress Padma (Cont)	19/7	25/8	Sing	RSL	Cont	Sing
Ava	26/8	26/8	Yang	MTA	Rice(P)	-
Dragon						
Kalimantan(Cont)	14/8	26/8	Sing	Nol	Cont	Sing
Jutha Parichart(Cont)	20/8	25/8	Sing	RSL	Cont	Sing
Ever Forest	26/8	26/8	-	Prog	GI	-
Rabidas(E/L)	7/8	26/8	-	SSSL	E/L	-
Pinya	27/8	27/8	Yang	MTA	Rice(P)	-
Kota Naga(Cont)	17/8	28/8	Sing	PII(BD)	Cont	Sing
Chu Hong (Cont)	16/8	28/8	Sing	QCSL	Cont	Sing
Arabela (Cont)	20/8	28/8	-	QCSL	Cont	Sing
Freedom	29/8	29/8	-	Atlantic	GI(Projmat)	-
Boxer Cat Cook(Cont)	20/8	29/8	-	Bdship	Cont	Sing
Kota Beriaya (Cont)	20/8	31/8	Sing	PII (BD)	Cont	Sing
Kota Cahaya(Cont)	20/8	31/8	Sign	PII(BD)	Cont	Sing
Argus	2/9	2/9	Rouen	Royal	R Seed	-
M Regina (Cont)	20/8	4/9	Sing	PII(BD)	Cont	Sing
Kota Badi (Cont)	13/8	23/8	Sing	PII(BD)	Cont	Sing