

FAO sees more food shortage in DPRK next year

UNITED NATIONS, Sept 29: North Korea may need more food aid next year than it received this year because severe drought and recent typhoons could affect this year's harvest, the head of the UN food agency said, reports AP.

There are growing indications that this year's harvest may be less than previously expected. Catherine Bertini, Executive Director of the Rome-based World Food Programme said after hosting a lunch for North Korean Foreign Minister Peak Nam Sun in the Italian capital.

Her remarks were later released at UN headquarters in New York. But Bertini said WFP and UN Food and Agriculture Organisation "intend to send a mission to North Korea to assess the damage, and we are studying the possibility that in 2001 the country may need even greater amounts of food aid than it received last year."

North Korea said Monday that it has lost over 1.4 million tons of grain because of drought, heat waves and tropical storms this year.

Earlier this month, WFP launched another appeal for food aid for the hunger-stricken communist state, saying nearly 8 million of the 22 million population would be short of food unless donors come up with \$100 million.

\$400m business deals signed at Internet show in Delhi

NEW DELHI, Sept 29: An estimated 1,500 business deals worth \$400 million were signed during the three-day India Internet World exhibition, organisers said Friday, reports AP.

About 120,000 people have visited India Internet World 2000, the largest Internet exhibition in the world that has brought together professionals from 175 companies, said Pankaj Sethi, CEO of media2india.net, who organised the conference.

The exhibition covers an area of 200,000 square feet (18,580 square meters) in heart of the Indian capital, New Delhi. The success of the conference prompted the US department of commerce to announce that will be a partner in marketing the exhibition next year.

"We shall build on the success of last several years to bring more American companies to the show," said Franklin Foster, the deputy commercial counselor in New Delhi, India's capital.

RAKUB opens new branch in Kurigram

KURIGRAM, Sept 29: Rajshahi Krishni Unnayan Bank (RAKUB) has opened a branch at Bvaparirhat under Nageswari Upazila in the district, reports BSS.

Deputy Commissioner of Kurigram, A F M Solaiman Chowdhury, inaugurated the branch as chief guest.

Managing Director of RAKUB, A R M Mazdur Rahman, General Manager (Operations), F R M Haizul-Islam, senior officials of RAKUB, UNO of Nageswari Upazila, Narayan Chowdhury, and local elite were present in the function.

Turkish inflation data may show seasonal surge

ISTANBUL, Sept 29: Turkey's September inflation figures, due on October 3, are expected to show a surge in consumer and wholesale prices mainly because of seasonal factors, according to a Reuters poll of 15 banks and brokerages, says Reuters.

Turkey is implementing economic and fiscal reforms, backed by \$4 billion in IMF stand by loans, to cut chronic high inflation to single digits by the end of 2002.

Most poll participants forecast month on month September price rises of 2.2-2.7 per cent for the wholesale price index (WPI) and 3.1-3.5 per cent for the consumer price index (CPI).

The average expected rate for WPI was 2.3 per cent and 3.2 per cent for CPI. In August, WPI rose by 0.9 per cent, while CPI was 2.2 per cent higher month on month.

Seasonal factors are very strong in September and October when compared with other months. The school season, increasing consumer demand as well as increasing food, clothing, rent prices will have a major impact on rising prices," said Altug Karamenders, economist at private Ata Securities.

Analysts said high petroleum prices and the dollar's strength on international markets would have little impact on wholesale prices in September, but might be reflected over the coming months in view of international price trends.

The seasonal factors are likely to offset the effect of slower depreciation of Turkey's currency, the lira, on private sector manufacturing price rises, poll participants said.

US judge dismisses key parts of govt tobacco case

Lawsuit for recovering billions of spent dollars

WASHINGTON, Sept 29: A federal judge yesterday dismissed two key parts of the US Justice Department's landmark lawsuit seeking to recover billions of dollars spent by the federal government on smoking-related illnesses, but allowed two remaining racketeering claims to go forward, reports Reuters.

US District Judge Gladys Kessler ruled in a written opinion that the government could not use the Medical Care Recovery Act, or a second law involving Medicare Secondary Payer insurance provisions as a basis to try to recover government expenses related to sick smokers.

But she did rule the Justice Department could proceed with its two counts under the federal racketeering law to seek to force the tobacco firms to give up their "ill gotten" profits obtained through fraud and deceit since the 1950s.

The ruling was a partial setback for the Justice Department, which had argued the entire case seeking to recover much of the \$20 billion spent by the federal government every year on smoking-related illnesses should be allowed to proceed to trial.

Among those named in the suit were Philip Morris Cos. Inc, RJ Reynolds Tobacco Co,

Brown & Williamson Tobacco Corp, BTLA, British-American Tobacco Plc, Lorillard Tobacco Co Inc., Vector Group Ltd's Ligette Group Inc., the council for Tobacco Research USA Inc and the Tobacco Institute Inc.

The tobacco industry had argued the whole case should be dismissed.

Tobacco stocks closed higher. The American Stock Exchange's Tobacco Index with nine tobacco-related issues, rose 4.2 per cent. The Standard & Poor's Tobacco index also climbed a similar 4.3 per cent.

The lawsuit was filed in Sept 1999 and announced at a Justice Department news conference by Attorney General Janet Reno.

President Clinton, who announced plans to bring the lawsuit in his State of the Union address to Congress in January last year, emphasised the part of the ruling that sided with the government.

This remains a very important opportunity for the American people to have their day in court against big tobacco and its marketing practices," Clinton told reporters as he met with his Cabinet.

"I urge Congress to provide the funding to allow the lawsuit to move forward and not shield the tobacco industry from the

consequences of its actions," he said.

Kessler was appointed as a federal judge by Clinton.

Republican presidential candidate George W. Bush has raised questions about the lawsuit.

While dismissing two central parts of the government's case, Kessler said a significant part of it, involving the racketeering law, may proceed.

In sum, while the government's theories of liability have been limited, the extent of the defendants' potential liability remains, in the estimation of both parties, in the billions of dollars," she wrote.

But Kessler expressed reservations about whether the racketeering claims would ultimately prove successful.

"Based on the sweeping nature of the government's allegations and the fact the parties have barely begun discovery to test the validity of these allegations, it would be premature for the court to rule (now)," Kessler wrote.

"At a very minimum the government has stated a claim for injunctive relief; whether the government can prove it remains to be seen."

Liggett had argued it could not be sued under the racketeering provision because it broke with the other companies

four years ago, settled with five states and agreed to help the states pursue the other companies.

Kessler did dismiss the claims against British American Tobacco for the lack of jurisdiction over the foreign company.

William Ohlmeier, Philip Morris vice president and associate general counsel, said, "We believe this is an important first step in the ultimate dismissal of the case."

He said the world's largest tobacco company "will continue to vigorously defend the case and to challenge the government's claims at the next appropriate opportunity."

Assistant Attorney General David Ogden said he was "pleased" the Justice Department "can go forward with this important case."

In a written statement that made no mention of the two dismissed counts, he added: "We look forward to proceeding to trial and holding the tobacco companies accountable for the fraudulent conduct alleged in this lawsuit."

A Justice Department spokeswoman said no decision had been made on whether to ask Kessler for permission to appeal the part of her ruling that went against the government.



Visitors look at the Mercedes-Benz G-class during the Paris Car Show Thursday, which continues till October 15. — AFP photo

Iraq repeats oil stealing charge against Kuwait

CARACAS, Sept 29: Iraqi Vice-President Taha Yassin Ramadan denied Thursday that Baghdad poses a threat to Kuwait but repeated an accusation that Kuwait is stealing its oil reserves, reports AP.

A senior Iraqi official alleged two weeks ago that Kuwait was secretly tapping into its oil, sending jitters through world oil markets. A similar accusation by Baghdad preceded the 1990 invasion of Kuwait.

"There is no threat from Iraq to Kuwait and Saudi Arabia," Ramadan told a press conference in Caracas at the end of a summit of Organization of Petroleum Exporting Countries (OPEC) leaders in Caracas.

But Ramadan, Saddam Hussein's second in command, said stealing continues from Iraq.

Kuwait "is... exploiting the condition of Iraq by exploration... with technical means

that are well known by those who understand this industry quite well," he said.

"The stealth is there and it continues... it is one of the facets of aggression as well as trying to steal everything from Iraq and it's tied to the conditions under which Iraq is living."

In mid-September Iraq accused Kuwait of stealing its oil, with one report saying 300,000 barrels of crude a day were being taken from oil fields in the border area.

"The theft of Iraqi oil by Kuwait is not new," said Saad Qassem Hammudi, a senior member of the ruling Baath Party, adding that it was "ah0/j5 established in Iraqi documents and reports since 1990."

Hammudi said Kuwaiti Crown Prince Saad al Abdullah al Sabah "recognised the theft

in 1990 during negotiations between Iraq and Kuwait in Saudi Arabia," preceding the invasion.

Ramadan, meanwhile, said US and British "aggressors" were claiming that Iraq remains a threat for political reasons.

"This is an invention by the United States to maintain US and British forces in Kuwait and Saudi Arabia and to maintain the embargo against Iraq," he said.

Kuwait has said it took measures, with help from its allies, to counter any attack from Iraq, which it accused of continuing to threaten its neighbors.

Ramadan said he had not discussed the oil tapping issue with Kuwait's delegation in Caracas for the OPEC summit, which has sought to trumpet the 11-member cartel's new-found unity.

ROK banks submit reform plans to regulators today

SEOUL, Sept 29: Six South Korean banks are due to submit rehabilitation plans to regulators tomorrow, kicking off a new phase in reforming the country's banking system that was devastated by the Asian financial crisis three years ago, reports Reuters.

When the Financial Supervisory Commission (FSC) decides the fate of the six banks a month later, the landscape of Korea's banking industry may be transformed.

FSC chairman Lee Keun-young said on Thursday strong banks would likely merge to boost their competitiveness, while the government would unite weaker banks under a holding company.

The six banks comprise three large institutions - Chohung Bank, Hanvit Bank and

Korea Exchange Bank and three smaller ones: Peace Bank, Kwangju Bank and Cheju Bank.

The six were ordered in late August to submit reform plans which should include ways to shore up their capital base, clear bad loans and boost profitability.

The government is the controlling shareholder in Chohung, Hanvit and Korea Exchange and wants to put them in good shape before privatising them.

Cheju, Kwangju and Peace had low capital adequacy ratios of 4.76 per cent, 2.65 per cent and 4.21 per cent respectively at the end of June, according to FSC data.

The ratio measures the proportion of a bank's capital against its risk weighted assets.

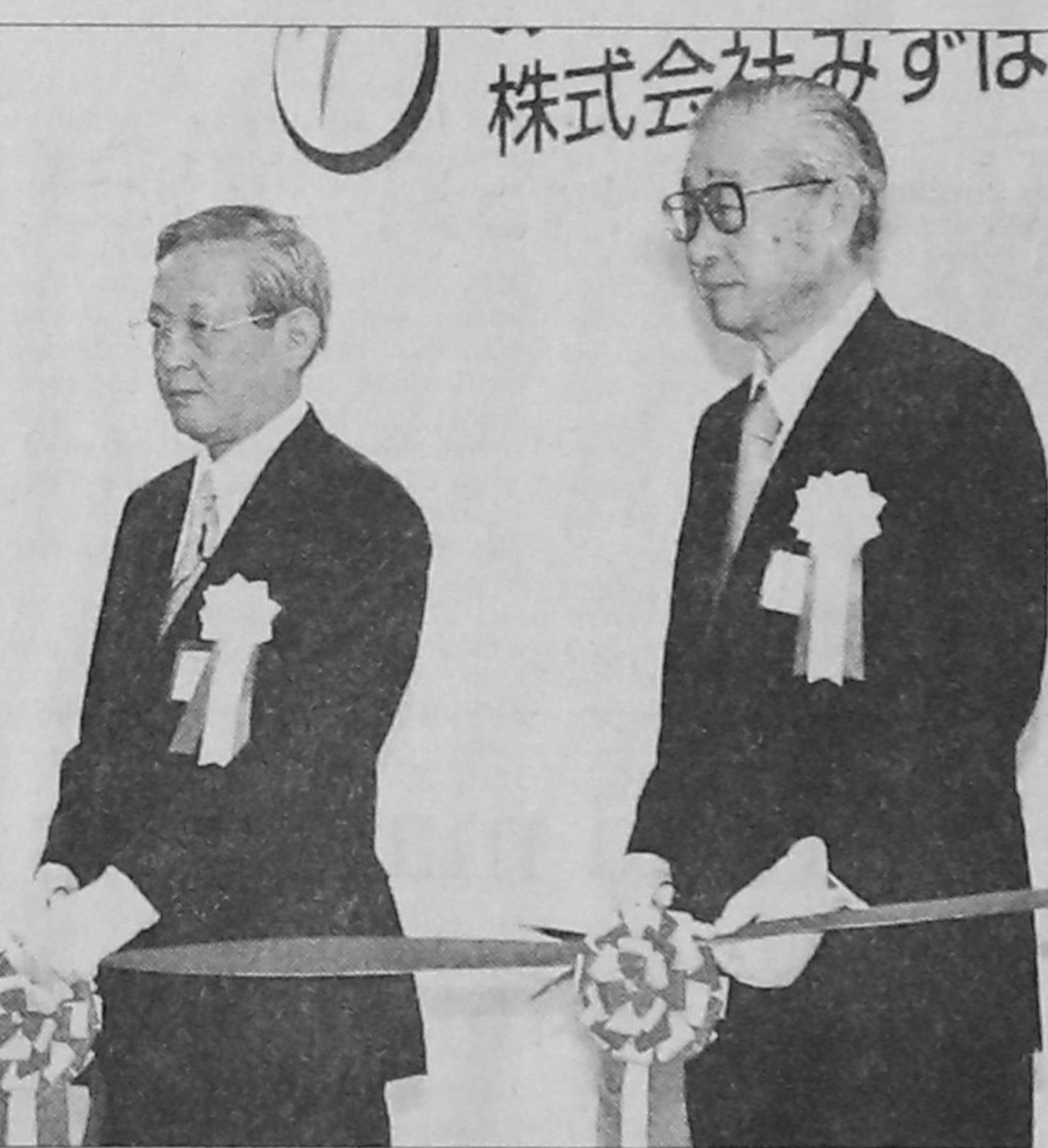
The Bank of International Settlements in Basle recommends a ratio of eight per cent, a standard the Korean government has adopted.

Chohung plans to sell off its affiliate Chohung Capital, lay off about 200 employees out of a 6,860 strong workforce and reduce non-performing loans considerably, said Na Dong-suk, Chohung's chief spokesman.

Plans for job cuts

"We have yet to fix details of our plan," Na said. "We are confident of carrying out our reforms without asking for further public funds."

Hanvit will promise a 14 per cent cut in its workforce of 10,800 and almost double its capital to 7.5 trillion won (\$6.7 billion) by the end of 2001.



Yoshiro Yamamoto (L) of Fuji Bank, President Katsuyuki Sugita (C) of Dai-ichi Kangyo Bank (DKB) and Industrial Bank of Japan (IBJ) President Masao Nishimura (R) cut the ribbon during a ceremony to establish Mizuho Financial Group under Mizuho Holdings Inc in Tokyo yesterday. — AFP photo

Weekly Currency Roundup

Sept 25-29, 2000

Local Market

Local foreign exchange market was active last week. The demand for dollar escalated slightly during the week. Although many of the market-players were long dollars, the trading range of the greenback went up a little. Dollar trading was rangebound and there was ample demand for short-term forward cover in the corporate segment. Meanwhile on last Friday, the interbank players took advantage of the intervention of euro and traded actively in European currencies.

In the informal market, dollar is trading at BDT 59 level. There is still significant difference between the korb market and the official rate.

According to Bangladesh Foreign Exchange Dealers Association (BAFEDA), the daily average foreign exchange turnover was USD 296,032,255 million. The average USD selling rate against import letter of credits was BDT 54.2689 and the average USD buying rate against inward remittance was BDT 53.84385.

Last week, the money market maintained its steady level of activities. Call money was traded in a narrow range and there was ample liquidity in the market with the lenders outnumbering the borrowers. Throughout the week the call money rate fluctuated between 5.75 and 6.25 per cent. The flat demand in the money market is also having an impact on the premium of forward cover.

International Market

Euro was steady against dollar amid lingering fears that the Group of Seven (G7) nations will repeat last week's concerted intervention to prop up the single currency. While traders commented that they remained unconvinced that the euro had found a floor, they were reluctant to trade aggressively. This occurred after the policy-makers commented that they would continue to cooperate in exchange markets. Markets were stunned by the concerted intervention to buy euro, particularly with the unexpected participation of United States, which, even after the action, maintained that its "strong dollar" policy was unchanged.

In the latter part of the week, euro was broadly supported, awaiting the result of Denmark's referendum on the monetary union and its potential to trigger a further round of central bank intervention in defence of the single currency. — Standard Chartered Bank

'Euro Group going well'

BRUSSELS, Sept 29: French Finance Minister Laurent Fabius said today that the informal Euro Group, which gathers members of the common currency zone, was running smoothly although he did not rule out that it could do better, reports Reuters.

"I have the impression that it is working well, although there is always room for improvement," he told a press conference after the group met ahead of a monthly gathering of European finance ministers (Ecofin) in the Belgian capital.

France currently holds the rotating presidency of the European Union and Fabius chairs these meetings.

Critics blame lack of coordination among Euro Group finance ministers for highlighting divisions in European political will to make monetary union work and for undermining the single currency on foreign exchange markets.

One solution is to appoint a single spokesman to act as "Mr Euro" in the fashion of United States Treasury Secretary Lawrence Summers, but Fabius said he did not favour this route.

"I hesitate to propose to any of my colleagues a permanent president to the Euro Group. That was a joke, by the way. If I made the proposal now, people would start asking the question who would this affect," he said.

Security ready for ASEAN meet in Thailand

BANGKOK, Sept 29: Security measures are now ready for the upcoming 32nd meeting of Association of Southeast Asian Nations (ASEAN) Economic Ministers to be held between October 1 and 7 in Chiang Mai, Thailand, 700 kilometers north of here, Thai police authorities said here today, reports Xinhua.

Security steps have been well prepared, and will be at the same level of those operated during the 33rd Annual Meeting of the Asian Development Bank (ADB) held in the resort city in May. Thai police headquarters said in a statement.

"The measures are just preventive, and we believe that there will be no undesirable incidents occurred during the one-week regional forum which is focused on strengthening economic ties and cooperation between ASEAN members," it noted.

The ASEAN now groups Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Thai Deputy Prime Minister and Commerce Minister Supachai Panitchpakdi said yesterday that issues of intra-regional trade and investment liberalization under the ASEAN Free Trade Area (AFTA) agreement will be on the top of the agenda.

ASEAN economic ministers will also discuss issues of trade and investment cooperation with their counterparts from Australia, New Zealand, China, Japan, South Korea and the European Union.

Brazilian plane sale to Europe increasing

BRASILIA, Sept 29: Brazilian aeronautics company "Embraer" received 14 orders and signed 11 letters of intent for ERJ 145s and ERJ 135LRs airplanes during the European Regional Aviation Operators meeting held recently in Switzerland, according to an Embraer statement released on Thursday, says Xinhua.

"These new orders are very significant and clearly reflect Embraer's growing participation in the European aviation market," said Mauricio Botelho, president of the company.

So far, Embraer has received a total of 785 orders and signed 365 letters of intent for ERJ 135s (37 seat), 140s (44 seat) and 145s (50 seat) planes. Embraer has 24 clients in 16 countries across the world.

Embraer is a fairly strong airliner producer in developing countries. It also produces another family of regional planes, each able to carry between 70 and 109 passengers.

For these planes, the company has received 120 orders and signed 205 letters of intent, said the company.

Indonesia quits coffee price support scheme

JAKARTA, Sept 29: Indonesia today said it was withdrawing from a world scheme to prop up coffee prices, dealing a blow to international efforts to unite leading producers, reports Reuters.

Trade and Industry Minister Luhut Pandjaitan said Indonesia would not join the Association of Coffee Producing Countries (APCC) scheme to hold back exports because Vietnam, the world's number one robusta producer, was not taking part. "Indonesia withdraws from the retention scheme," he told reporters, but added its position if Vietnam and India joined the retention scheme.

Pandjaitan said Vietnam and India had not sent representatives to an APCC meeting scheduled to be held in London on Friday ahead of the planned start of the scheme on Sunday.