

Bush's victory points to big tax cuts, less regulation

US analysts see inflationary pressure

WASHINGTON, Dec 14: The triumph of Republican standard bearer George W. Bush in principle heralds big tax cuts and less regulation but could also aggravate inflationary pressures in a slowing US economy, analysts have predicted.

However, given that Bush will take office after a bruising, divisive struggle with the Democrats in Florida and will have to work with a slim majority in the House and an evenly split Senate, his ability to make good on some of his most far-reaching campaign promises is expected to be sharply curtailed.

As president, Bush will confront a cooling US economy that some financial experts believe is heading for a "hard landing," an abrupt downturn that imposes painful social consequences.

In a recent television interview, Bush spoke of "warning signs that we need to take seriously," citing a decline in the technology-heavy Nasdaq stock exchange, higher energy prices and weaker auto sales.

To counter the trend, Bush wants to dip into the federal budget surplus to finance big tax cuts.

"We need to make sure people have got some money, some of this surplus, in their pockets to serve as an insurance policy against an economic downturn."

During his campaign the Texas governor pledged a 1.3 trillion dollar across-the-board tax cut over 10 years.

But the hard landing scenario is far from universal and Bush's intention to slash taxes could over-stimulate a still strong economy and aggravate inflation.

American Express Financial Advisors chief economist Daniel Laufenberg warned that putting more money in the hands of US consumers and businesses needs to be delicately timed if an inflationary spurt is to be avoided.

"If it comes when the economy is operating at full employment, as it is now, it may not be a very wise policy," he said.

"If it comes just as the economy is slowing, then it would be considered a perfectly timed policy."

The higher interest rates, which could be ordered by the Federal Reserve if tax cuts caused the economy to over-heat, would hamper overall growth, analysts fear.

But experts also believe his plan to create a private component to Social Security, the federally administered retirement scheme, could be a boon for a recently lackluster stock market.

Bush would allow workers to use some of the surpluses in the Social Security trust fund to set up private accounts that could be invested in stocks and bonds.

Of the 4.2 trillion dollar federal surplus foreseen by the Clinton administration through 2010, an estimated 2.3 trillion

dollars reflects a surplus in the Social Security trust fund.

But Laufenberg and other analysts worry that "if you're going to be using some of that Social Security surplus to set up private accounts, it's not available to offset other spending" and could therefore aggravate inflation.

Bush's victory should also be welcomed on Wall Street and in corporate boardrooms around the country, where it is likely to be seen as heralding a less stringent regulatory environment and "hands off" relationship between the White House and the business community.

Wall Street traders have predicted that a Bush presidency will give an initial fillip to tobacco and drug stocks in light of his known opposition to anti-tobacco litigation and pharmaceutical price controls.

Asked by an interviewer how he would respond to opposition to such a move from Greenspan, Bush replied that he would of course listen to the long-time central bank chief.



Engr. Anwar Hossain, GM. Consumer Products of Ericsson Bangladesh, is seen with officials and dealers of Aktel at a workshop organised for Aktel dealers in Chittagong on November 20.

— Ericsson photo

EU assembly for big graphic warnings on cigarette packs

STRASBOURG, France, Dec 14: European Parliament deputies yesterday backed tough health warnings on cigarette packs that could include graphic photographs of blackened lungs and rotten teeth highlighting the health damage from smoking, says Reuters.

The Strasbourg-based assembly approved proposed European Union legislation already backed by EU health ministers which would ban European cigarette makers from using terms such as "mild" and "low tar" and force them to put larger health warnings on packets.

In some respects, the parliament went further than ministers, calling for tough health warnings to cover 30 per cent of the front of a cigarette packet and 40 per cent of the rear.

Under proposals backed by health ministers in June, health warnings would have had to cover 25 per cent of the packet.

MEPs overwhelmingly backed an amendment giving EU member states the option of filling part of the warning space with colour photographs showing the health effects of smoking.

The proposals, due to take effect at the end of 2003, are based on tough new Canadian legislation.

Currently, warnings on cigarettes in the EU only have to cover four per cent of the pack. Dutch Liberal Democrat Jules Maaten, who piloted the legislation through parliament, said he was delighted at the outcome which went beyond his expectations.

"What it shows is that there is a very large majority in the European Parliament for further tobacco control on a reasonable basis," he told reporters.

More than half a million people die each year in the EU from smoking-related diseases, amounting to one death every

minute.

In line with the proposals backed by governments, maximum tar content per cigarette will be reduced from 12 gm to 10 gm and nicotine cut to one mg. For the first time, there will be a 10 mg limit on carbon monoxide content.

The lower nicotine and tar levels will cover all cigarettes manufactured in the EU, including those intended for export outside the 15 nations bloc, a clause which worried countries with major manufacturing interests like Germany and Luxembourg.

Trade unions have warned that thousands of cigarette manufacturing jobs could be lost in the EU as other countries sought supplies elsewhere.

British Labour MEP Catherine Stihler said European consumers had been taken for a ride in being sold the idea that "light," "mild" and "low tar" cigarettes were healthier.

France keen to help in country's economic march

France is keen to extend cooperation to Bangladesh to help it continue the run of success in economic progress, especially in export trade, reports BSS.

The assurance came when French Ambassador in Dhaka Michel Lummaux called on Commerce Minister Abdul Jalil at his office yesterday, an official press release said.

Appreciating Bangladesh's success in the field of export, the ambassador said Bangladesh has made notable success in export to different countries including the European Union nations recently.

Commending the country's success in the field of foreign investment, the envoy mentioned the investment of a number of French companies in Bangladesh including Lafarge.

Welcoming Paris' willingness to deepen trade cooperation with Dhaka, the commerce minister said Bangladesh would like to increase bilateral trade and investment with France.

Commerce Secretary Golam Raluman was present.

Pocket book on statistics published

A pocket book of Bangladesh Statistics 1999 has been published here recently, an official handout said, reports BSS.

The pocket book, 20" of its kind, contains vital statistics about the country's socio-economic condition which will be of use to statisticians, policy makers, administrators, businessmen, industrialists, economists, researchers, and students as well as general readers, the handout added.

Chinese officials hail tax on bank interest

BEIJING, Dec 14: Chinese officials have hailed a decision to impose a 20 per cent tax on interest from bank deposits as a success, saying it has helped boost government coffers and encouraged spending, reports AFP.

In the first ten months of the year, revenue from the tax exceeded 12 billion yuan (1.4 billion dollars) and for the full year it is expected to total 15 billion yuan (1.8 billion dollars).

"The tax revenue has been growing every month since the country resumed levying it," an official from the State Administration of Taxation told the paper.

Over the past five years, Chinese tax revenues have risen an average of 15 per cent annually, adding another 100 billion yuan (12 billion dollars) to government coffers every year, state media said recently.

Still, government tax collectors are under heavy pressure to find new sources of revenue, as expenditures are also rising fast, leading to a record deficit this year.

The 20 per cent interest tax was imposed in November last year as one of many policies aimed at lifting sluggish consumption, and has been described by China's own state-run media as a "disguised interest rate cut."

Officials said in the China Daily on Saturday that the measure had been a success, triggering not only more consumer spending, but also increased private investment in stocks.

Oil hammered by Iraq export resumption

LONDON, Dec 14: Oil prices plunged nearly 82 yesterday after Iraq resumed UN-monitored exports by loading an Indian-chartered tanker at the port of Mina al-Bakr on the Gulf, says Reuters.

London's Brent crude futures ended down \$1.86 to \$25.20 a barrel, while US light crude fell \$1.18 to \$28.50.

Iraq and Indian officials said a vessel chartered by Indian Oil Corp began taking Iraqi crude aboard early on Wednesday. The United Nations confirmed supplies were moving again.

Iraq has kept 2.3 million barrels per day of sales under the UN oil-for-food programme on hold.

Baghdad had been demanding a 40-cents per barrel surcharge on its customers to be paid directly into an Iraqi account, side-stepping UN controls. Buyers refused to pay a 45 surcharge, saving payments would violate UN sanctions.

An Indian official said the Indian firm had not paid any surcharge for shipments of Iraqi crude in December. But he did not say whether it had been granted a one-off exemption or whether Baghdad had dropped its demand.

Other Iraq customers were queuing at the port hoping to get crude soon, but it was not clear whether they too would be allowed to lift oil without making extra payments.

No action was seen at the Turkish Mediterranean port of Ceyhan, Iraq's second UN authorised export outlet, because of an absence of tankers. Industry sources do not expect liftings to resume there for another week.

Price support earlier in the day came after US industry data showed cold weather had eaten into heating oil inventories in the United States.

The data rekindled concerns

of inadequate winter heating fuel stocks as a bitter Arctic weather front wreaked havoc in the US Midwest and began sweeping northeastern states.

Fierce winds and freezing temperatures battered the eastern two-thirds of the United States on Wednesday after paralyzing much of the Midwest a day earlier.

With the official start of the US winter still nine days away and forecasters warning of worse weather to come, American consumers will take little heart from latest industry data showing an unexpected draw down in heating oil stocks.

The closely monitored weekly report by the American Petroleum Institute (API) showed US heating oil inventories falling by 2.7 million barrels in the week to December 8 as demand parked up amid colder temperatures.

US distillates stocks, which include heating oil were down a whopping 4.5 million barrels to 115.6 million barrels against market expectations of a 500.00 barrel decline.

Crude tanks also saw a reduction by 1.1 million barrels to 286.7 million barrels, bringing the year-on-year deficit to 8.45 million barrels. The market had expected a 2.6 million barrel build in crude stocks.

OPEC may cut output by 1m BPD

Another report from Caracas says, OPEC President Ali Rodriguez said yesterday the oil exporting cartel could cut production by up to a million barrels per day (bpd) if prices fall below OPEC's target range of \$22-\$28 per barrel.

OPEC's export price has plummeted by 20 per cent to \$25 per barrel over the past two weeks, as fears of a heating oil shortage in the United States this winter have subsided.



A model displays jewelry at the Indian Gem and Jewelry Industry show in New Delhi Wednesday. India's share of the cut and polished diamond market is 55 per cent by value, 80 per cent by volume and 90 per cent number of pieces.

— AFP photo

ROK to relax its forex restrictions

SEOUL, Dec 14: South Korea will relax its restrictions on the amount of foreign currencies South Koreans can carry or send out of the country from the beginning of next year, the Finance and Economy Ministry said Thursday, reports Xinhua.

Those who take more than 50,000 US dollars out of the country have to first secure the approval of the Bank of Korea while those who carry over 10,000 dollars must still report it to the customs.

The current 5,000-dollar limit over wire transfers will be lifted, but the National Tax Service will keep records of transfers over 10,000 dollars.

People transferring more than 50,000 dollars have to first get approval from the central bank.

Overseas South Koreans who receive more than 100,000 dollars from their homes in the country annually will be reported to the National Tax Service. The Bank of Korea needs to be notified if a single transfer to them exceeds 100,000 dollars.

In regard to corporations, they have to report to the Bank of Korea once a year when their overseas deposits exceed 500,000 dollars and individuals should do the same when their deposits are above 100,000 dollars.

The maximum amount domestic financial institutions can lend to foreigners will increase to 1 billion won (900,000 dollars) from the current 100 million won (90,000 dollars).

Foreign exchange transactions between South Korean nationals will be allowed.

But the Bank of Korea wants to know about it if more than 1,000 dollars changes hands.

But the government will still prohibit money exchangers from selling foreign currencies to Korean nationals.

Non-profit individual corporations will be allowed to acquire overseas real estate for the purpose of establishing schools and hospitals.

Exchange Rates

Following are yesterday's Standard Chartered Bank foreign exchange rates of major currencies against Taka.					
Central bank buying and selling band of USD: BDT 53.85/BDT 54.15					
Selling			Buying		
TT/OD	BC		TT/Clean	OD Sight	OD Transfer
54.2500	54.2800	USD	53.8150	53.6464	53.5779
17.9968	18.0837	EUR	46.8111	46.6277	46.5511
79.4728	79.5148	GBP	77.9912	77.7247	77.6701
29.8045	29.8201	AUD	28.7362	28.6427	28.5626
0.4866	0.4867	JPY	0.4739	0.4737	0.4727
31.8151	31.8396	CHF	31.2852	31.1907	31.1062
5.5832	5.5883	SEK	5.4902	5.4725	5.4566
35.8478	35.8723	CAD	35.2776	35.1840	35.1008
6.9598	6.9611	HKD	6.8984	6.8807	6.8633
31.279	31.3007	SGD	30.8428	30.7990	30.6841
14.8919	14.9095	AED	14.5023	14.5242	14.4838
14.5807	14.5991	SAR	14.2433	14.2066	14.1884

Usance export bills

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
53.7041	53.7277	52.9304	52.4217	51.8688	50.6303

Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Thai Baht	Laotian Kip	Indo Rupiah	NZ Dollar
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46.75	57.60	43.51	82.30	94407	9.4219
46.76	58.58	43.56	82.40	9460	9.4226

The local foreign exchange market was active. Demand for dollar was high ahead of the weekend. Call money market ranged between 9.0 and 10.0 per cent.

In the international markets, presidential politics may have dominated world headlines on Thursday, but in the foreign exchange market the major story was one of mounting pressure on the Japanese yen.

While the gracious concession speech from Democrat Al Gore was a relief to the dollar more important on the day was the growing bearishness over the Japanese economy. This saw yen lose across the board.

Shipping Intelligence

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

Chittagong port

Berth position and performance of vessels as on 14.12.2000

Berth No	Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival	Leaving
J/1	Southern Queen/Gl (Copro)	GI	Sing	Acia	28/11	
J/2	City of Houston	GI	Cong	ASA	27/11	19/12
J/3	Diana	C Clink	Kant	NWSL	6/12	20/12
J/4	Le Ding	WT(G)+GI	Cher	Litmond	8/12	17/12
J/5	Enos	GI	Yang	SMSL	8/12	18/12
J/6	Samara	GI	Mumb	SMSL	8/12	18/12
J/7	Alani Tabah	Sugar	Tuti	Litmond	7/12	20/12
J/10	Qe Pintail	Cont	PTP	QCSL	12/12	18/12
J/11	Actuaria	Cont	P Kel	QCSL	6/12	18/12
J/12	Kuo Hsiung	Cont	P Kel	QCSL	1/12	14/12
J/13	Kola Singa	Cont	P Kel	Pil (BD)	6/12	18/12
CCT/1	Osg Alpha	Cont	P Kel	RSL	6/12	16/12
CCT/2	X-Press Makalu	Cont	Col	Everhest	6/12	16/12
CCT/3	Jaanti	Cont	Sing	Cross	11/12	18/12
RM/14	Banglar Union	Repair	BSC	R/A	19/12	
RM/15	Princess of Lornes Regal (TCB)	Bang	CCNL	2/11	18/12	
RM/4	Crystal Venture	CDSO	Reun	Seacom	7/12	16/12
RM/6	Eminence	HSD	Juba	ECSL	8/12	14/12
DOJ	Banglar Shourabhi	C Oil	-	BSC	R/A	14/12

Vessels Due at Outer Anchorage

Name of Vessels	Date of Last Port	Local Agent	Cargo	Loading Port
Tug Britoil	14/12	Indo	OTBLD/VL Progress	
Pu Progress	14/12	Indo	OTBL For Scraping	
Jupiter-1	14/12	Mong	OTBL For Demolition	
Ocean Pride	14/12	Krab	PSALC Clink (Rubby)	
Kristin Star	14/12	Kuwa	Sinmi For Scraping	
B Bijoy (Cont)	3/12	14/12	SingBDSHP	Cont L/Sing
Kota Calaya (Cont)	12/14	14/12	SingPIL (BD)	Cont L/Sing
Eco Charger	14/12	Aust	BSL Feri (Dapi)	
Zoe	15/12	Janj	SBS TSP (Bagi) (PI)	
Anarta Jaya-1 (7213)	12/15/12	Sing	ASA GI (SI Coit)	
Oena	15/12	SBSFeri (Urea) (Bagi)	BCIC	
Kota Naga (Cont)	6/12	15/12	SingPIL (BD)	Cont L/Sing
Bright Vega (Roro)	24/12/11/15/12	Sing	Everett Vehl (7 pgs)	
Kaplan Grishin	10/12	17/12	SingEverett (St Coil) (19 vehi)	
Ibn Battouta	18/12	Tampa	Litmond TSP	
Banglar Kallol	16/12	Sikka	BSCC Clink (Diamond)	
QCC Teal (Cont)	10/12	18/12	PTP QCSL	Cont L/Sing
Ocean-1	5/12	17/12	Yang SMSL	GI (Log)
Jaya Mars (Cont)	5/12	17/12	ColEverest	Cont L/Col
O Independence (Cont)	7/12/18/12	18/12	BDSHP	Cont L/Sing
B Shikha (Cont)	5/12	17/12	Sing BSC	Cont L/Sing
Asean Glory	18/12	18/12	PSAL	C Clink Dia
Banga Bank (Cont)	10/12/19/12	18/12	BDSHP	Cont L/Sing
Kota Beryava (Cont)	12/12/19/12	18/12	SingPIL (BD)	Cont L/Sing
Bav Fortune	22/12	Mumb	SMSL Wheat (PI)	
Jurong Balsam (Cont)	11/12/21/12	18/12	Sing Nol	Cont L/Sing
Paragon	21/12	P SaidAncient	Wheat (GI)	
San Mateo (Roro)	24/12/12/12/12	18/12	JF	Vehi
Banglar Moni (Cont)	11/12/22/12	18/12	Sing BSC	Cont L/Sing
Min Jiang (Liner)	22/12	18/12	BDSHP	GI
Topaz (Liner)	22/12	18/12	Prog	GI (St+Paper)
Banga Birl (Cont)	13/12	23/12	BDSHP	Cont L/Sing
Banglar Robi (Cont)	13/12/23/12	18/12	Sing BSC	Cont L/Sing
Arabella (Cont)	13/12	24/12	QCSL	Cont L/Sing

Tanker Due

Nil

Vessels at Kutubdia

Name of Vessels	Cargo	Last Port	Local Agent	Date of Arrival
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Vessels at Outer Anchorage

Vessels Ready					
Kota Bintang (Cont)	Cont	Sing	PIL (BD)	6/12	
Tiger River (Cont)	Cont	Sing	Nol	8/12	
Xpress Resolve (Cont)	Cont	Sing	RSL	10/12	
Boxer Capt Cook (Cont)	Cont	Sing	BDSHP	13/12	
Xpress Renown (Cont)	Cont	Sing	RSL	13/12	
Da Fa (Cont)	Cont	Sing	RSL	14/12	
Mary Nour	Cement	Lank	BSL	10/12	
Iran Mead	R Phos	Jedd	Seacom	12/12	

Vessels Not Entering