The Daily Star
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Benajir Ahmed new DCCI president

Benajir Ahmed has been elected president of Dhaka Chamber of Commerce and Industry (DCCI) for the year 2001. He replaced Aftab Ul Islam, says UNB.

Besides, the Chamber on December 11 elected Mahbub uz Zaman and Absar Karim Chowdhury as its senior Vice-president and Vice-president respectively. New directors were also elected to fill up the vacant seats as one-third directors retired.

The newly-elected directors are MA Momen, Data Magfur, Matiur Rahman, Syed Mosharraf Hossain, Sabbir Ahmed Khan and Hossain Khalid.

The new executive committee of the country's premier chamber was formally announced at its 39th annual general meeting.

The owner of Raymond Group of Industries, a 100 per cent export-oriented readymade garment industry, Benajir is a Vice-president of BGMEA and an executive committee member of Bangladesh Employers' Federation and Shippers Council of Bangladesh.

New EU office to manage $8.7b a year for poorer nations

BRUSSELS, Dec 22: The European Union approved plans Thursday to overhaul its external aid programme through the creation of a new office to manage the annual distribution of some 9.6 billion euros ($8.7 billion) in assistance to poorer nations, reports AP.

"This reform is an important contribution to making the Union's development policy serve the needs of the poor throughout the world," said Poul Nielson, the EU's development commissioner.

The new EuropeAid Co-operation Office, effective Jan. 1, will handle around 80 per cent of the EU's aid programme, bringing together several different EU offices that currently handle the distribution of aid to the Middle East, Africa, the former Soviet Union and other regions.

Some 1,200 people will work for the new office. About half will eventually be posted to EU missions around the world as part of the Union's drive to devolve decision making to its workers on the ground.

The formation of the new unit is part of reforms which the European Commission is pushing through in response to criticism about efficiency of its aid operations.

EU proposes UN dues cut for US

UNITED NATIONS, Dec 22: The European Union has proposed the United States, which owes the United Nations more than $1.5 billion, get a deep cut in its dues payments if it cleans up arrears within three years, France said yesterday, reports Reuters.

Racing against a clock, the UN General Assembly's finance committee is trying to restructure contributions for 189 nations to both the $1 billion annual UN administrative budget as well as a fluctuating peacekeeping budget, expected to be more than $3 billion a year.

French ambassador Jean-David Levitte, whose country is the current EU president, said the 15-nation alliance agreed to lower US regular budget dues from 25 per cent to 22 per cent and peacekeeping from 30 per cent to about 26-27 per cent.

US envoys would still have to sell whatever package the administration agrees upon to the US Congress.

ADB okays $120m loan to Nepal

KATHMANDU, Dec 22: The Asian Development Bank (ADB) has approved a loan of 120 million US dollars to Nepal for its huge drinking water supply project that aims to relieve the Kathmandu valley of chronic water shortage, an official at ADB Nepal Resident Mission told a press conference today, reports Xinhua.

The loan, approved Thursday in Manila, ADB's headquarters, will be used mainly in the construction of a 26 km-long tunnel that will bring water to the valley from Melamchi River and other two rivers some 40 km northeast of here, said Richard Vokes, the resident representative of ADB in Nepal.

"Besides, the money will be used in building a water treatment plant, a bulk water distribution system, affiliating facilities (such as roads) and in social uplift programmes aground the Melamchi region," he added.

CCCI for speeding up quota transfer advice process

From Staff Correspondent

CHITTAGONG, Dec 22: The Chittagong Chamber of Commerce and Industry (CCCI) yesterday called for modernising the quota transfer advice process with a view to boosting the country's export trade.

The proposal was made by SM Nurul Huq, acting CCCI President, through an emergency fax message to the Vice-chairman of the Export Promotion Bureau (EPB).

In the message, the CCCI chief warned that if the readymade garment (RMG) exporters fail to ship their cargoes by December 31, then the nation will incur a huge loss.

The CCCI president further feared that thousands of quotas might be cancelled unless the country's RMG exporters can ensure shipment of their cargoes within the stipulated time.

Delay in the process of quota advice transfers from the EPB's Dhaka office to Chittagong office makes the exporters face losses in case of their failure to make shipment of goods as per scheduled LC timeframe, a Chamber press release said.

In his message, the acting Chitagong Chamber head also requested the concerned authorities to send the quota transfer advice through e-mail.

A man walks past a huge advertising billboard promoting quality beef bearing the test seal of the Central Marketing Society of the German Agriculture (CMA) in Berlin yesterday. Following the latest cases of BSE in Germany, federal health minister Andrea Fischer was expected to hold a press conference on the consumption of meat and sausage on the day.
-- AFP photo

Oil-for-food programme

Japan relaxes business restrictions with Iraq

TOKYO, Dec 22: Japan announced Friday it was easing its restrictions on Japanese firms joining the UN oil-for-food humanitarian programme, but insisted it still backed US-led sanctions, reports AFP.

"The decision aims to help Japanese nationals do business under the UN food programme more smoothly," said a foreign ministry official.

Under the current restrictions, Japanese nationals must obtain government approval to visit Iraq as part of the UN programme.

"But we are easing such restrictions to allow Japanese citizens to visit Iraq without government permission. We decided to do so as many companies wanted to do business with Iraq under the UN food programme," the official said.

The 20-billion-dollar annual oil-for-food programme, in force since December 1996, authorises Iraq to sell crude oil under strict international control in exchange for essential goods for its 22-million population.

France and Russia have been calling for the sanctions in place since Iraq's 1990 invasion of Kuwait to be eased, in the face of fierce US and British opposition to loosening the international grip on Saddam Hussein's regime.

Japan still backed the US stand, the foreign ministry said.

"This relaxation does not mean we are easing our sanctions against Iraq. We cannot just go ahead and ease or lift our sanctions against the regime on our own," he said.

Weekly Currency Roundup

Dec 17 – 21, 2000

Local Market

In the local foreign exchange market, activities were sluggish ahead of Eid-ul-Fitr and year-end. In the interbank market, US dollar traded in a narrow range of BDT 53.94 and BDT 53.96. Among the corporate bodies, there were no significant requirements for foreign currencies in the spot and forward market.

According to Bangladesh Foreign Exchange Dealers' Association (BAFEDA), the daily average foreign exchange turnover was approximately USD 260 million. The average dollar selling rate against import letters of credit was BDT 54.2546 and the average USD buying rate against inward remittance was BDT 53.8485.

In the local money market, demand for call money went up and stabilised between 9 and 10 per cent. This upbeat mood in the call money market is a usual phenomenon during Eid and other festivals. On December 17, the government accepted treasury bills worth of BDT 15.60 billion for 28 days at an average yield of 6.39 per cent.

In the international markets, the Federal Reserve kept dollar interest rate unchanged at 6.5 per cent and expressed concern over the slowing US economy. On the back of the fall in global stock markets, US dollar lost grounds against euro and British pound. But dollar gained against yen mainly due to negative sentiment about the Japanese economy. *– Standard Chartered Bank*

Dhaka, Delhi vow to develop trade-related infrastructure

Bangladesh and India on Tuesday expressed their firm commitment to develop trade-related infrastructure between the two countries for expanding the scopes of trade and business between the two close regional neighbours, reports BSS.

This was expressed at the apex-level meeting of Bangladesh-India Chamber of Commerce and Industries (BICCI) which started Thursday in Calcutta, the capital of West Bengal, with Bangladesh Commerce Minister Md Abdul Jalil and India's central State Minister for Commerce Omar Abdullah attending as the guest of honour.

West Bengal Minister for Commerce and Industries Bansagopal Chowdhury, BICCI Co-Chairman GP Goyenka, BICCI Chairman Abdul Awal Mintoo, Indian High Commissioner to Bangladesh Monilal Tripathy and Bangladesh High Commissioner to India Mostafa Faruque Mohammad also spoke at the inaugural session of the meeting, an official handout said.

Abdul Jalil described the current wide trade gap between India and Bangladesh as a matter of great concern and said India as a close neighbour should take an initiative to resolve this problem. "We hope Bangladeshi goods will get free access to Indian market to help reduce the current huge trade deficit between the two countries by removing all barriers in terms of tariff, para-tariff and non-tariff," he said.

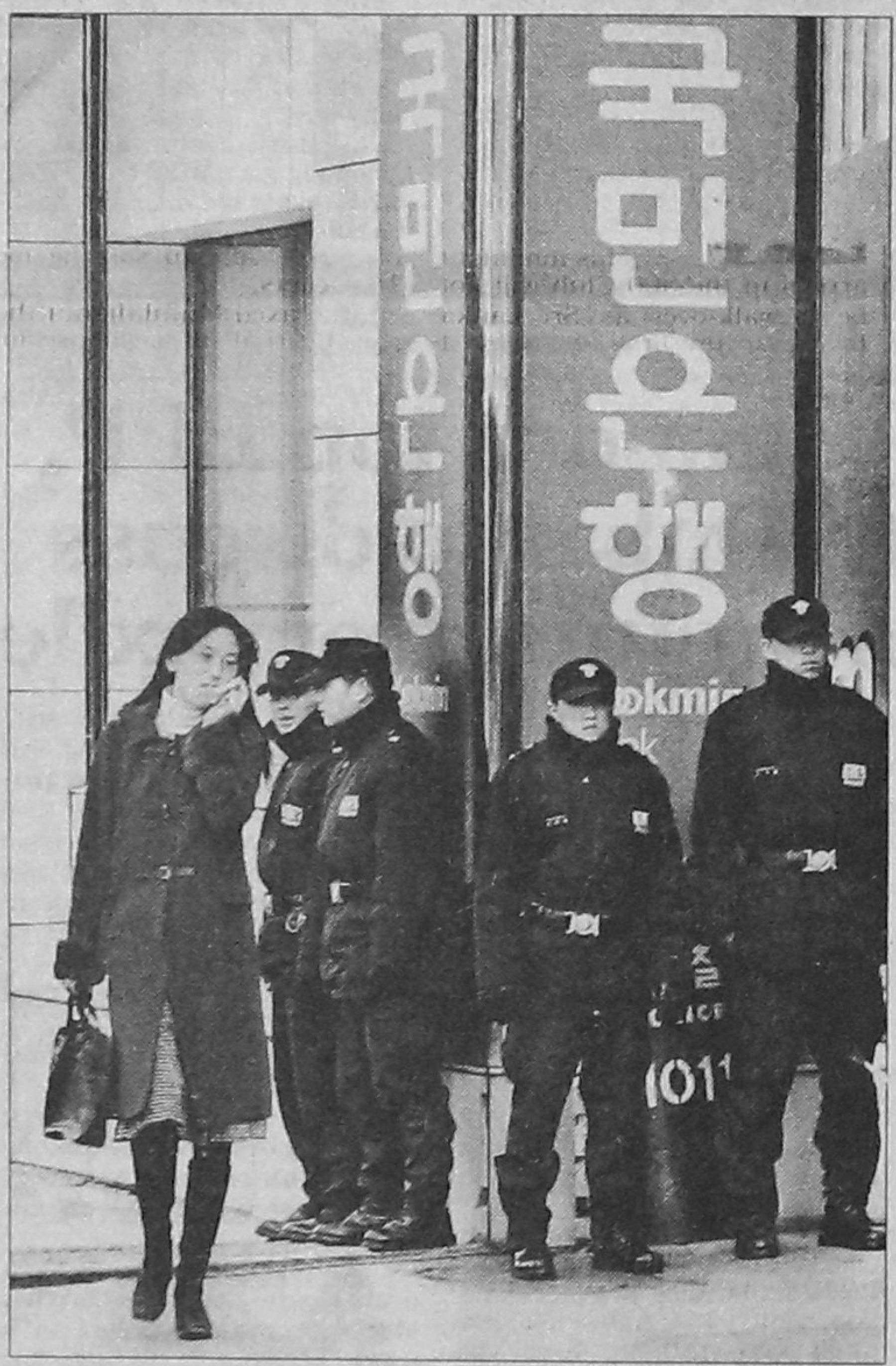
He also described the current weakness in road infrastructure as a big problem since the communications with the land ports connecting the two countries were fragile. We have a long border and the land ports are very important for our trade and business, he said and urged the Indian government to improve the communication in Petrapole inside its territory.

The Bangladesh commerce minister stressed joint initiatives of both Bangladesh and India as the members of the SAARC and signatories to the SAPTA to raise bilateral trade and business between the two countries and also urged the private sector to come forward to contribute their best in this regard.

In this respect, he referred to India's promise to unilaterally allow 25 categories of goods from Bangladesh to have free access into Indian market and expressed his firm hope that India would uphold its commitment towards that effect to help reduce the current trade deficit between the two countries. "We also want development of infrastructure in road communication with Bhutan and Nepal for increasing our trade and we hope India will cooperate us in this regard," he also said.

At a meeting of the Bangladesh commerce minister and the Indian central state minister for commerce, Bangladesh and India agreed to work together to raise their bilateral trade. Abdul Jalil asked Omar Abdullah to use his good office to remove all trade barriers allowing free access of Bangladeshi goods to Indian market. Omar Abdullah put emphasis on Joint Expert Groups meeting in this regard leading to working together in light of the past decisions in this regard, the handout said.

This December 2, 1998 file photo shows the 73-foot Norway Spruce Christmas Tree in Rockefeller Center stands in front of the GE building in New York City. It was announced yesterday that Rockefeller Center has been sold for 1.85 billion USD to Jerry Speyer and Lester Crown who currently own 5 per cent of the complex. The 22-acre office building complex that makes up Rockefeller Center includes the GE building, home to NBC-TV.
– AFP photo



South Korean riot policemen guard the headquarters of Kookmin bank in Seoul, scribbled with red paints by angry workers, after the employees left the bank to join a Kookmin-Housing and Commercial Bank joint strike yesterday. Some 15,000 unionists are protesting against the government-led banking sector reform, calling for the complete repeal of their proposed mergers.
-- AFP photo

ROK phone workers end strike while bankers walk off

Merger-related layoff fears

SEOUL, Dec 22: At least 10,000 workers at two major banks went on strike Friday, while workers at the nation's largest phone operator ended a five-day walkout after reaching a deal with management, reports AP.

The union of Korea Telecom told its members to go back to work after the company agreed to consult with workers ahead of any job cuts. The union has 47,000 members, but only about 5,000 had been on strike. There were no reports of disruptions in phone services.

The union of Korea Telecom, a major state-funded corporation, opposed management's plan to privatize their firm by 2002. After laying off 12,000 workers during the 1997-98 Asian economic crisis, the company had planned to cut 3,000 more jobs. That plan was put on hold.

Meanwhile, thousands of workers from two major commercial banks – Kookmin and Housing & Commercial – walked out, protesting a planned merger that they fear would lead to layoffs.

The two profitable banks temporarily suspended merger talks last week after Kookmin Bank workers seized control of their head office and held their chairman hostage for two days.

The two banks, which have 20,000 unionized workers, pledged to resume merger talks under government mediation as soon as possible.

The protest by Kookmin and Housing & Commercial workers weakened at the last minute when 2,000 workers at four minor provincial banks – Peace, Kyongnam, Kwagju and Cheju – called off a plan to strike as well.

They dropped that plan after their firms agreed to delay a planned merger until June 2002.

An estimated 10,000 workers from Kookmin and Housing & Commercial Banks staged an overnight vigil outside Seoul to prepare for the strike.

Despite the protest, Housing & Commercial Bank said all of its branches remained open, with non-union workers filling the gap. Fourteen out of 591 Kookmin Bank branches were unable to open because of the strike.

South Korea's labour market has become more flexible because of the 1997-98 Asian economic crisis. But workers still resist layoffs in a country accustomed until recently to lifetime employment.

The Korea Financial Industry Union, an umbrella of labour unions at the nation's 22 banks said a bigger walkout involving more banks will be held on Dec. 28.

Metal: Weekly Roundup

Gold stages comeback, euro boosts silver

LONDON, Dec 22: Gold prices staged a comeback this week, benefiting from the rise of the euro against the dollar, which made the precious metal more attractive for European buyers, analysts said, reports AFP.

An ounce of gold was going for 273.00 dollars on the London Bullion Market from 270.50 dollars last week.

Silver: Star. Silver also gained a boost from the euro's recent gains.

An ounce of silver was selling for 4.59 dollars on Wednesday from 4.36 dollars the previous Thursday.

Platinum and Palladium: Top of the tree. The prices of the sister metals parted company this week.

Palladium prices scaled new highs above 900 dollars this week, selling for 935 dollars an ounce on Wednesday on the London Platinum and Palladium Market (LPPM), from 915 dollars last Thursday.

But an ounce of platinum fell to 606 dollars from 612 dollars.

Base metals: Scrooge. The base metals complex extended recent losses this week amid concerns that the stalling US engine of global growth would brake demand.

On the London Metal Exchange (LME), three-month nickel prices fell back to 6,850 a tonne on Wednesday from 6,920 dollars last Thursday.

Three-month copper prices shed 60 dollars to 1,910 dollars, zinc slipped 40 dollars to 1,057 dollars, lead nudged down three dollars to 467 dollars, while tin dropped 65 dollars to 5,245 dollars.

The losses even spread to aluminium, which has soared in recent weeks on concerns of further production cuts in the US Northwest because of high electricity costs and power cuts.

Three-month aluminium prices fell 55 dollars to 1,562 dollars.

European economy seen at risk from cautious ECB

FRANKFURT, Dec 22: The slowdown in the US economy has raised the question of whether Europe can pick up the baton for world growth and analysts question whether the European Central Bank is up to the challenge, reports Reuters.

Fresh US data shows that its third quarter performance slipped decisively beneath the euro zone and ideally the common currency bloc would now become a locomotive for global growth.

Unfortunately this is not the signal being given by the ECB, whose hawkish comments over inflation despite a 30 per cent collapse in the oil price has dimmed hopes that it will ride to the rescue by easing interest rates.

"The problem with Europe is the European Central Bank. They're raising interest rates at the wrong time and (ECB President Wim) Duisenberg is looking in the rear-view mirror," said fund manager Tim Day at AMP Henderson Global Investors.

Although the market's view of the ECB has shifted toward it keeping rates on hold, most economists do not expect the bank to match the Federal Reserve in responding to an anticipated slowdown in economic growth.

The ECB has hiked rates seven times since November 1999 with its latest move on October 5. Since then the balance of risk has shifted clearly towards lower growth in the United States.

"Oil prices have fallen, inflation pressures gone away and in the meantime he (Duisenberg) is letting the economy slip through his fingers," said Day.

The euro zone's large internal market and the competitive edge enjoyed by its exports thanks to the recent depreciation of the euro provides a regional cushion if trading demand softens.

The Paris-based Organisation for Economic Cooperation and Development sees it holding to growth of over 2.5 per cent next year because planned tax cuts will bolster domestic demand.

"If internal momentum is maintained and because the euro zone external sector is only 15 per cent of GDP, the region should retain above-potential growth (of around 2.5 per cent)," said OECD economist Vincent Koen.

He saw the fall in oil prices as a major boost while a recovering euro cut both ways, because it would help subdue euro zone inflation but could also dampen demand for exports.

"The perception of risks have certainly risen since November, but whether they have merely evolved or advanced in absolute terms is hard to tell," he said.

Other analysts are more fearful and say the euro zone will need a helping hand, noting that growth has already slipped from a mid-year peak even if the drop is mild compared with the US.

By playing down the risks to growth the ECB sounds complacent over future dangers versus the Federal Reserve, whose chairman Alan Greenspan on Tuesday ended a 19-month inflation-vigil and fuelled hopes of rate cuts next year.

"Judging from the ECB's comments there is a danger that if conditions get worse it will be slow to acknowledge this change and slow to lower interest rates," said Julian Callow at CSFB.

The ECB has retained warnings on prices and it reinforced this message on Wednesday by releasing internal macro-economic projections drawn from November data that pointedly ignored a subsequent slide in world sentiment.

It saw 2001 growth at 2.6-3.6 per cent and inflation of 1.8-2.8 per cent, straddling its two per cent threshold for policy tolerance that signals it will be wary of trimming rates soon.

Indian govt targets total privatisation in 10 yrs

NEW DELHI, Dec 22: India is drafting economic reform proposals that include targets for privatising the entire state-run sector within 10 years, according to a confidential government paper obtained by AFP Friday, reports AFP.

The consultation paper, prepared by the prime minister's office for fine-tuning by the Planning Commission, envisages "complete privatisation" of the public sector over the next decade, "with 60-70 per cent achievement in the next five years."

The target seems highly ambitious, given the trouble the government has had pushing through its relatively modest privatisation proposals in recent years.

Banking and telecom workers have caused chaos in their respective sectors with a series of strikes to protest against privatisation moves that they fear will result in significant job losses.

The government recently introduced legislation in parliament to cut state equity in 27 banks to 33 per cent from 51 per cent.

But the confidential document goes further, proposing the privatisation of "at least a couple" of major state-run banks and ceding management control of some weak banks into private hands.

"A competitive banking system requires privatisation of banks, so that the full benefits of competition can accrue to the economy," it said.

Although the government set a target of seven per cent growth in the year ending March 2001, officials have estimated it is likely to slip to six per cent.

The government paper spoke of nine per cent growth, but said the target would require "far-reaching reforms in the next few years to raise savings and investment from the present level."

One of the key objectives would be to keep the fiscal deficit below 5.0 per cent of gross domestic product. Economic experts say current budget deficits are hindering economic growth.

The government is also looking to relax caps on foreign investments in the financial sector.

Bank employees threaten strikes

Another report from Bombay says Indian banking unions threatened further action Friday following a one-day strike to protest against the government's privatisation plans.

"It will be a bitter battle. There will be more strikes," warned Vishwas Utagi, national council member of the All India Bank Employees Association (AIBEA).

"We are doing this as a patriotic duty. In this strike as well as last month's strike we did not seek any economic benefit for ourselves," Utagi said.