

Pakistani stocks rise as foreign buying resumes

AFP, Karachi

Pakistani stocks rose 1.5 per cent Thursday as foreign investors returned to the market due to a lowering of tensions between India and Pakistan, analysts said.

The Karachi Stock Exchange key index rose 20 points to close at 1,351 points.

"The Thursday market spree can be attributed to the foreign buying in some blue chips, especially in Hubco, lifting the market, which has remained deprived of foreign investment almost since October 2001," said Mohammad Sohail of Invest Cap.

Record trading of about 183 million shares took place in Hubco, the largest private power project in Pakistan.

"The market was faced with depression for quite some time, but

now signs of improvement are visible," said Karachi Stock Exchange president Salim Chamdia.

The reduced tension between India and Pakistan and economic recovery hopes are also boosting investors' confidence, he said.

"Optimistic news with regard to Pakistan-India relations and improvement of the economy may bring further improvement in the market," he said.

India and Pakistan appear to have stepped back from a dangerous border standoff in recent days, with both sides expressing a wish to resolve the dispute through dialogue instead of conflict.

Tensions soared after last month's attack on the parliament complex in India, which New Delhi has blamed on Pakistan-based militants.

Indian businessmen for greater impetus towards SAFTA

AFP, Kathmandu

Indian business leaders Friday called for greater impetus towards free trade in South Asia despite mounting tensions between India and Pakistan.

Ahead of the delayed opening on Saturday of a seven-nation South Asian summit here, Federation of Indian Chambers of Commerce and Industry head R.S. Lodha told AFP the stakes in the poverty-hit region were too high to brush economic issues under the carpet.

"What has happened until now is that some progress has been made on trade, but that has been more symbolic than real," he said.

"But given the compulsion of economic globalisation, the influence being exerted by the World Trade Organization (WTO) and China's entry into it, automatically means the time is coming for a strong unity.

"We expect in the next few years, a South Asian Free Trade Agreement to be a reality and a success," he said, dismissing the present Indo-

Pakistan tensions as an aberration.

The South Asian Association for Regional Cooperation (SAARC) is still negotiating a preferential trade agreement, which is the forerunner to the free trade pact.

Three rounds of preferential trade talks have helped reduce taxes on over 5,000 commodities, but these are not the main export items of the member nations - Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

Intra-SAARC trade has increased to just four per cent from three per cent of their combined trade with the rest of the world in the last two years.

Trade expansion has been hampered by inadequate infrastructure such as complicated regulations and poor road links which keep the volume of trade low despite high potential for cooperation.

Lodha said the traditional mistrust between India and Pakistan - the two most dominant countries of the region - was a political legacy

that did not reflect the desire of traders in both countries to do business with each other.

Last August, the SAARC nations rallied together, including India and Pakistan, asking the WTO to check imbalances against developing countries.

Industry officials believe the forging of a common South Asian stance, as well as joining hands with other developing nations, helped them get far more at the recent Doha WTO ministerial meeting.

The poorer nations wangled concessions relating to vital sectors such as agriculture, textile exports and not linking the issue of labor and environment standards to trade.

The present restrictions between several SAARC members mean unofficial trade is sometimes six times greater than the official figure.

"Which South Asian country gains from that? It only means a huge loss of revenues," Lodha said.

Partnership Summit begins in India today 17 countries to participate

AFP, Bangalore, India

More than 1,000 delegates from 17 countries will participate in a week-long business conference here to be inaugurated by British Prime Minister Tony Blair on Saturday.

The flagship summit of the Confederation of Indian Industry (CII), The Partnership Summit 2002, will showcase India's business potential and enable global political leaders, businessmen and strategists to come together on a common platform.

"It is significant that this is the largest business gathering after the September 11 attacks in the United States," N.R. Narayana Murthy, chairman of the Partnership Summit, claimed Friday.

"It is a strong pointer that the world is going to get on with busi-

ness after the tragic attack. It will discuss various ways and means to enhance business relationships," Murthy said.

Apart from Blair, Israel's Foreign Minister Shimon Peres, senior US congressmen and World Trade Organization officials will be attending the conference which ends on January 11.

Business and political leaders from the US, Britain, South Africa, Oman, Egypt, Japan, Israel, Singapore, Malaysia, Nepal and Sri Lanka will deliberate on corporate strategies, information technology and the future of Indian economy.

"One of the aspects of the summit is to position India as one of the fastest growing economies in the world and as a reliable business partner," Murthy said.

US urges new Argentine leader to work with IMF

AFP, Washington

The United States on Wednesday urged Argentina's new president Eduardo Duhalde to work with the International Monetary Fund and other financial institutions to resolve the country's economic crisis that has spurred political upheaval and social unrest.

"We're hopeful that the new government will persevere in laying the groundwork for a return to sustainable growth and prosperity," State Department spokesman Richard Boucher said.

Boucher, speaking to reporters after Duhalde indicated he would shortly present an economic recovery plan based on ending the decade-old peso-dollar peg and a return of IMF aid, said Washington was ready to support Buenos Aires in its efforts.

"We've made clear that once Argentina develops a sustainable economic plan working with international financial institutions that we and others are willing to support Argentina through the IMF and other

international financial institutions," he said.

Boucher also reiterated US confidence in Argentina's political institutions which have so far weathered the storm brought about by the crisis and resignation last month of former president Fernando de la Rúa.

De la Rúa's December 20 resignation amid deadly unrest sparked by harsh austerity measures was followed by a period of deep political uncertainty when his interim replacement, Adolfo Rodriguez Saa, stepped down after only a week in office.

Duhalde, a Peronist, formally took control of the country earlier Wednesday after being elected by Congress for a term that ends December 10, 2003.

In his acceptance speech, Duhalde made it clear that the dollar-to-peso peg was on its deathbed but made clear he had no intention to revive a short-lived idea, raised by Saa, of issuing another currency.



Security company employees in kimono dresses clap their hands as the Tokyo Stock Exchange (TSE) resumed the business yesterday. Japan's share prices rose 328.87 points to close at 10,871.49 points for the first day trading of the TSE after the week-long New Year's holidays.

Euro-zone economy to start improving early this year

AFP, Frankfurt

The economic situation in the 12 countries that share the euro will "start improving early in 2002," the EU commissioner for economic and monetary affairs, Pedro Solbes, predicted here Thursday.

"According to our forecasts, the economic situation will start improving early in 2002" and growth would continue to gather momentum during the course of the year, Solbes told a news conference held jointly here with European Central Bank President Wim Duisenberg

and the new head of the ECOFIN council Rodrigo Rato.

"Until now, our economic policies have adapted well to the challenges posed by the global economic slowdown and the existence of the euro has helped absorb some of the external and internal shocks experienced last year without any problem," Solbes said.

That would be reflected in the exchange rate of the euro, Solbes continued.

The euro will be "a strong currency ... because Europe is a strong economy," he said.

Euro means good news for ME: Analysts

AFP, Nicosia

The introduction of the euro means good news for the Middle East by helping to boost trade with the European Union, provided goods from the region are competitive with European products, analysts said Thursday.

Economists in the region agree that the impact of the use of the euro, which became legal tender in 12 of the 15 countries of the EU bloc on January 1, will be progressively felt across the region.

The first countries to be affected are those around the Mediterranean which are expected to become part of a free trade zone with the European Union in 2010.

Egypt, Jordan, Morocco, Israel and the Palestinian Authority are already linked by association agree-

ments with the EU, while Algeria and Syria are negotiating similar accords and Lebanon is due to initial a deal January 10 in Brussels.

The use of the euro will translate into "stronger growth in Europe, which will lead to higher demand for goods and services from partner countries and spur Mediterranean exports," European Commissioner for Economic and Monetary Affairs Pedro Solbes said Wednesday.

"Mediterranean country exports will also benefit ... because there is only one market to penetrate rather than 12," he added in a statement.

Nevine Al-Tahry, from ABN-Amro bank in Cairo, expressed similar optimism for Egypt which sells 46 per cent of its 4.97 billion euros (4.47 billion dollars) of annual exports in the European Union.

Dollar falls in Tokyo

AFP, Tokyo

The dollar fell against the yen in Tokyo Friday after the Japanese unit gained ground against the euro in thin trading, dealers said.

The US unit traded at 131.17-20 yen at 5:00 pm (0800 GMT), down from 131.64-70 yen in New York and 131.99 yen in Singapore late Thursday.

Japanese financial markets reopened Friday after a four-day New Year break.

"A speculator sold a good number of euros against the yen in a thin market and people couldn't liquidate their long euro positions," said Yasuji Yamanaka, foreign exchange manager for Nikko Trust and Banking.

Against the yen, the euro was quoted at 117.97 around 5:00 pm, compared with 118.34 yen in New York and 119.38 in Singapore Thursday afternoon.

Yamanaka however shrugged off the move as insignificant in thin trading.

The yen may also have received some support from comments by Bank of Japan governor Masaru Hayami, dealers said.

Hayami was quoted in the influential Nihon Keizai Shimbun financial daily on Thursday as saying that while a rate of 130 yen to the dollar would benefit exporting companies, "the recent fall of the yen has been a bit too steep."

Thai Angel Air to suspend passenger flights

AFP, Bangkok

Angel Airlines, Thailand's second national carrier after Thai Airways International, said Thursday it would suspend passenger flights due to losses since the September 11 terrorist attacks on the US.

The airline will halt its passenger services from January 6, but will begin cargo flights between Bangkok and Shanghai, China, this month, according to a company statement.

President and chief executive officer Somchai Bencharongkul admitted "that as a result of the terrorist attacks... Angel Airlines is also suffering from the crisis like other airlines", according to the statement.

Angel Air had been operating successfully before the industry-wide downturn, and that the company needed to reduce operating costs such as the leasing of aircraft, it added.

US unemployment rate rises to 5.8pc

AFP, Washington

The US unemployment rate rose to 5.8 percent in December from 5.6 percent a month earlier as 124,000 jobs were lost, the government said Friday.

The Labor Department figures were roughly in line with expectations, and pushed the unemployment rate to the highest level since April 1995.

The December report showed continued job losses in manufacturing, transportation and trade, partially offset by employment gains in services and government.

Over the past four months, job losses in the US economy have amounted to 1.1 million outside the farm sector, the report showed.

The Labor Department also revised its November report to show steeper job losses than earlier reported - 371,000 from an

initial estimate of a decline of 331,000.

Hourly earnings rose 0.5 percent in December, slightly higher than the Wall Street consensus forecast. For the full year 2001, hourly earnings were up 4.1 percent, down from a 4.3 percent rise in 2000.

In a separate household survey, the Labor Department said the number of unemployed persons rose by 233,000 to 8.26 million in December.

The civilian labor force rose by 35,000 to 142.3 million, while total employment fell 198,000 to 134.1 million.

The factory work week rose by 24 minutes to 40.7 hours, for the first rise since July 2001. Overtime in the manufacturing sector rose by 12 minutes to 3.9 hours. The average work week rose by six minutes to 34.2 hours.



A money dealer in kimono dress calls an order before the EU flag at the Tokyo foreign exchange market yesterday. The US dollar was slightly weaker against Japanese yen in Tokyo while the euro was traded at 118.17 yen in mid morning, compared with 118.34 yen in New York.