

US opens up bids for \$1b Iraq oil contracts

REUTERS, Washington

The US Army invited bids Thursday for two new contracts worth up to \$1 billion to rebuild Iraq's oil industry, opening up the lucrative business to foreign firms previously excluded from such deals.

The contracts -- one for southern Iraq and the other for northern -- replace a no-competition contract awarded in March to Kellogg Brown & Root, a unit of Halliburton, the Texas oil firm once led by Vice President Dick Cheney.

That contract was met with a barrage of criticism, with Democratic lawmakers complaining one company with links to Cheney was getting too much

business out of the Iraq war. The White House has strongly rejected any favoritism.

"The formal bidding process for these two contracts can now begin," said US Army Corps of Engineers spokesman, Army Lt. Col Gene Pawlik. "Foreign companies can apply," he added.

The Request for proposals had been scheduled for release on Tuesday but was delayed until very late on Wednesday after the army made some "language changes," said one defense official.

The government's preference was to award the contracts to two separate companies as the "geographic areas of the two contracts will not overlap," said the bidding

notice.

KBR has indicated it will bid on the new contracts and other companies such as Fluor Corp, which recently set up a joint venture with British engineering group AMEC Plc, has also expressed interest.

The minimum amount of the proposed contracts will be \$500,000 each and the maximum \$500 million each.

The initial phase will cover 24 months, followed by three one-year options. Companies have until August 14 to bid and Pawlik said no formal start-date had been set for the jobs. A pre-bid conference has been set for July 14 in Dallas, Texas.

The KBR oil contract in Iraq was

worth nearly \$283 million by July 2 and Pawlik estimated the final figure could reach about \$600 million, far less than the original \$7 billion ceiling set as a worst-case scenario for the project.

KBR has also received task orders for Iraq worth more than half a billion dollars under a 2001 contract called the Logistics Civil Augmentation Programme.

So far, money under the March oil contract has been spent on emergency repairs to Iraq's oil fields, delivering fuel to Iraqis and building base camp facilities for workers.



PHOTO: RANGS ELECTRONICS LTD

Aktar Hossain, chairman and managing director of Rangs Electronics Limited, inaugurates the launching of Sony Days '03 sales campaign at Rangs showroom at Sonartori Tower in Dhaka yesterday. Among others, Vice-Chairperson of the company Sachimi Hussain, Directors Beanus Hussain, Sobur Ahmed and other officials were present.



PHOTO: DCCI

Dhaka Chamber of Commerce and Industries (DCCI) Director MA Momen and the participants of a training course on marketing and sales promotion pose for a photograph at the certificate awarding function held on Wednesday in Dhaka. The five-day training course was organised by DCCI Business Institute.

'Costlier energy to hit US households'

REUTERS, Washington

Federal Reserve Chairman Alan Greenspan said Thursday the US economy so far has escaped harm from rising natural gas prices, but said individual consumers surely will feel the bite.

"Aside from the switches that we have seen from gas to residual fuel oil or coal, where those exchanges are possible, you don't see all that much direct economic impact except in households," Greenspan told the Senate Energy Committee.

The Fed chief testified for two hours before the lawmakers, displaying a broad knowledge of the workings of global energy markets and the technology used in extracting natural gas and moving it to business and household consumers.

He warned that households face the largest threat from sharply rising natural gas prices and an

unusually low stockpile of the fuel -- an issue that has seized the attention of the Bush administration and lawmakers.

"We are going to clearly see significantly higher bills if the futures markets in fact are a correct forecast of the spot market," he said.

The Bush administration and many Republicans want to open more federal lands in the Rocky Mountains to drilling, a controversial matter since many environmental groups contend energy conservation and renewable fuels can help.

Greenspan gave his effective support to the drive to increase drilling, saying "trade-offs" were necessary between the need for energy and the wish for pristine wilderness. Under questioning, he also said there was a potential adverse impact on the overall economy if prices and supplies remain unbalanced.

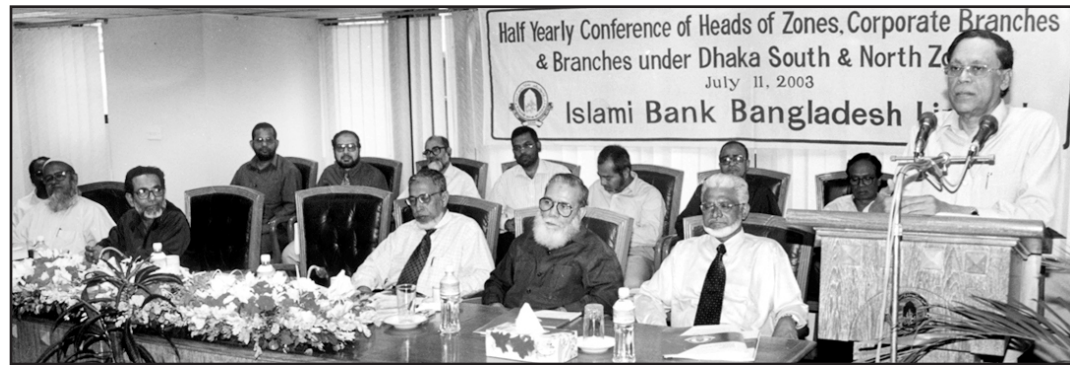


PHOTO: ISLAMI BANK

Muhammad Mosharrif Hussain MP, director of Islami Bank Bangladesh Limited, speaks as chief guest at the inauguration of a day-long half-yearly conference of head of zones, corporate branches and branches under Dhaka South and North zones of the bank in Dhaka yesterday.

No decision on aircraft deal, says Air India

AFP, Bombay

Air India Friday said its board did not take a decision on finalising the order for 18 short-range aircraft for which US planemaker Boeing and Europe's Airbus have submitted bids.

"The board at its meeting Friday deliberated on the report submitted by the expert committee, but no decision on finalising the order was taken," Air India spokesman Jitendar Bhargava said after the board meet.

"The board will take the matter again in a subsequent meeting later."

Earlier Friday there was speculation that the board may call fresh bids from the manufacturers for the short-listed models -- the Boeing 737-800 and the Airbus A-320-200.

"There are no fresh bids. Our bids were anyway called just a fortnight ago and they have taken all the business parameters into consideration," Bhargava told AFP.

The short-range aircraft are likely to be deployed on profitable routes to the Middle East as well as Far East Asian countries.

Office vacancies hit record high in Tokyo

AFP, Tokyo

The rate of empty office space in central Tokyo hit a record high in June after a flood of new office blocks hit the market, a brokerage firm specialising in real estate said Friday.

The office vacancy rate in five central wards across the capital -- Chiyoda, Chuo, Minato, Shinjuku and Shibuya -- stood at 8.57 per cent at the end of June, up 0.07 percentage points from the previous month, Miki Shoji said.

It was the highest level since the firm started researching the office vacancy rate -- a key figure to gauge demand for buildings -- in 1989.

The number of empty offices grew in other urban areas in June as the nation's economic slump

battered local businesses, the firm said.

In the Osaka business district, western Japan, the rate rose 0.13 percentage point to a record high of 11.01 per cent, the firm said. In Nagoya, central Japan, it rose 0.18 percentage point to 8.64 per cent, also the highest in the area.

"The growing pace of the vacancy rate is gradually slowing down as major offerings of new business offices ends," said Mitsumoto Tanno, a researcher at the firm.

"But the rate is likely to stay at high levels for the time being as demand for new offices remains very weak at a time when Japan's economic recovery is still not in sight," Tanno said.

Weekly Currency Roundup

July 05-July 10, 2003

LOCAL FX Market

US dollar remained more or less steady against Bangladeshi taka in the local interbank forex market. Dollar became slightly stronger this week on demand for the greenback for import.

Money Market

Bangladesh Bank borrowed BDT 10,880 million by the Treasury bill auction held on Sunday, compared with BDT 5,100 million in the previous bid. The weighted average yield of 28-D t-bill fell to 6.92 per cent compared with 7.00 per cent last week. Yield of other t-bills also fell.

The call money rate remained steady in the beginning the week at 2.50-3.00 per cent. But later in the week the rate was slightly up to 3.00-4.00 per cent.

International FX Market

In the beginning of the week, euro fell against the US dollar and yen because of rising Tokyo shares and US stocks. Euro fell as low as 134.57 yen, its lowest in seven weeks and more than 6 yen below all time highs hit in May. Euro fell below \$1.1420, five cents below the record highs hit in May and revisited in July. The euro faced seven-week lows at \$1.1395. Dollar also became slightly stronger against the yen.

The dollar slipped against the euro on Wednesday after its recent run-up to two-month highs, looking to global equity markets and evidence of economic recovery for further direction. Dollar was down on the day at around \$1.1338 per euro. Against the yen, greenback was steady at around 118.10 yen while the euro had recouped and rose to 133.88 yen after hitting its lowest level for around eight weeks on Tuesday.

During the end of the week, euro moved closer to recent two-month lows versus the dollar as investors awaited a euro zone interest rate decision and hints as to whether rates have further to fall this year. Few see the European Central Bank lowering rates again after a 50 basis point cut in June but investors are looking for hints from ECB President from his news conference. The dollar was firmer against the Japanese currency at around 117.70 after fears of Bank of Japan bids took it higher.

At 1640 hours on Thursday, euro was at 1.1329/32, GBP at 1.6354/60 and yen at 117.65/70 against the dollar.



PHOTO: FEDEX

Members of the management and sales department of Bangladesh Express (BanEx), licensee of Federal Express Corporation (FedEx), pose for a photograph at the annual sales conference of the company in Dhaka recently.

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