

Opec likely to stand firm on quotas, rejects supply fears

AFP, Vienna

Opec appears unlikely to hike official production rates at a key meeting on Wednesday as members of the cartel dismiss fears of an energy crisis and note that they are already pumping oil at near capacity.

Arriving in Vienna on Monday and Tuesday, ministers of the 11-member Organisation of Petroleum Exporting Countries are simply expected to discuss quotas and the possible future change in a price band, which stands at 22 to 28 dollars.

Opec kingpin Saudi Arabia hinted there would be no rise in Opec's production rate, which is below its actual output, as the oil price had stabilised -- an opinion also expressed by Qatar but challenged by Algeria.

More hints about the upcoming meeting are expected on Tuesday as energy ministers and observers from countries such as Iraq, the United Arab Emirates and Russia touch down in the Austrian capital.

"Why, why do you need to do it officially?" Saudi Oil Minister Ali al-Nuaimi retorted on Monday when asked by reporters whether the cartel would lift the quota of 26

million barrels per day.

"We are producing two million over the ceiling" he pointed out.

Nuaimi said it was thanks to an Opec decision, taken in July as prices shot to record highs, to boost output that prices had eased from nearly 50 dollars at the start of August to an average of around 40 dollars.

"Saudi Arabia today is producing 9.5 million barrels per day and the reason we are doing it is so we can help bring the price down. I think we have been very successful as Saudi Arabia and Opec to lessen the upward pressure on price," the influential minister said.

"I believe we have been able to move it from close to 50 back to 40," he told reporters.

His Qatari counterpart, Abdullah bin Hamad al-Attiyah, earlier said the market was well-supplied and raising the quotas to reflect actual output was not the aim of Wednesday's top-level meeting.

"I don't think there will be a crisis or a shortage of oil in the market. We don't see any crisis," he said after arriving in Vienna.

"I never saw a queue in a gas station anywhere in the world."

Secondary sources claim that Opec is in fact overshooting the production ceiling by more than three million barrels, estimating that it pumped out an average 29.75 million barrels per day in August.

Algerian Oil Minister Chakib Khelil was a lone voice calling for the cartel to "officialise" the ceiling by raising it to 28 million barrels per day.

"We are producing at maximum right now and we just officialise that and that is all we can do," he told reporters.

The meeting is expected to mull a change in the cartel's price band to better fit the market reality, but any concrete decision on a shift in figures looked doubtful.

"I think we are studying it, I don't think we can do such a very important decision so quickly," said Khelil.

Qatar's Attiyah said there was a consensus to study the price band and a special group of experts had been exploring the issue since February, but he added that the cartel was still waiting to hear the group's conclusion.

At the same time, Nuaimi bluntly commented: "We cannot see a reason to change or do anything with the band".



PHOTO: STAR

Frank Fodstad (2nd from left), deputy managing director of GrameenPhone Limited, Khalid Hassan (3rd from left), director (corporate affairs), Kafil HS Muyeed (left), deputy director (sales and marketing) of the company, pose for photographs at a press conference in Dhaka yesterday. The leading cellular phone company of the country announced at the press conference that it crossed two million subscribers mark recently.

Toyota Motor to boost capital expenditure to \$9.5b

AFP, Tokyo

Top Japanese automaker Toyota Motor Corp. will boost its year to March capital spending to 1.05 trillion yen (9.5 billion dollars), 60 billion yen more than the original projection, a report said Tuesday.

This would be the largest-ever capex for a Japanese company, the Asahi Shimbun said, adding that it would be the first time in six years that Toyota's capital investment tops one trillion yen.

The company had decided to boost its capital spending for a Chinese joint venture for auto production, which was not initially included in the projection, the Asahi said.

Toyota expects to spend some 25 billion yen for the venture, the newspaper said.

The automaker also planed to reinforce capacity in its factory in Kyushu in southern Japan to catch up with growing exports, the newspaper said.

Toyota officials declined to comment on the report, saying that nothing had been decided.

In May, the company projected a year to March capital investment of some 990 billion yen.

The company will also recall more than 176,000 passenger cars sold domestically due to defective brake parts and reported 470,000 cars shipped overseas have a similar problem.

Toyota will recall four models -- the Celica, Fun Cargo, bB and MR-S -- totalling 176,372 units produced between July 1999 and July 2000 in Japan, according to a report submitted by the company to the transport ministry.

US current account gap grows to record

REUTERS, Washington

The US current account gap widened again in the second quarter, growing to a record \$166.18 billion, the Commerce Department said on Tuesday.

The gap -- the broadest measure of trade and investment flows between the United States and the rest of the world -- came in well above analysts' expectations for a \$159.35 billion shortfall and could fan concerns about the US dollar and the nation's ability to continue to fund the deficit.

The gap in the first three months of the year was also revised upward, to \$147.16 billion from the previously reported \$144.88 billion.

The largest portion of the deficit continued to come from trade in goods and services, where a \$163.58 billion shortfall in trade in goods was only slightly offset by a \$13.29 billion surplus in services

trade.

The surplus in investment income slid, further widening the gap. The surplus on international investment income fell to only \$2.64 billion in the second quarter from \$12.16 billion in the first three months of the year.

Unilateral transfers, which largely track US foreign aid payments and add to the current account shortfall, dipped slightly, to \$18.53 billion from \$20.73 billion in the previous quarter.

While economists have long worried about the size of the current account imbalance, and have often said it will lead to a drop in the dollar's value in foreign exchange markets, the United States has continued to attract international investment. Net inflows of capital totaled \$71.8 billion in June, according to Treasury Department data. Capital flow figures for July are expected Thursday.



PHOTO: ICSMB

Law, Justice and Parliamentary Affairs Minister Moudud Ahmed along with a four-member delegation of the Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB) poses for photographs during a meeting in Dhaka on Sunday. AKM Moqtadir, president, Mohd Sanaullah, senior vice-president, Asad Ullah, vice-president, and Ittrat Husain, councilor of ICSMB, are also seen.

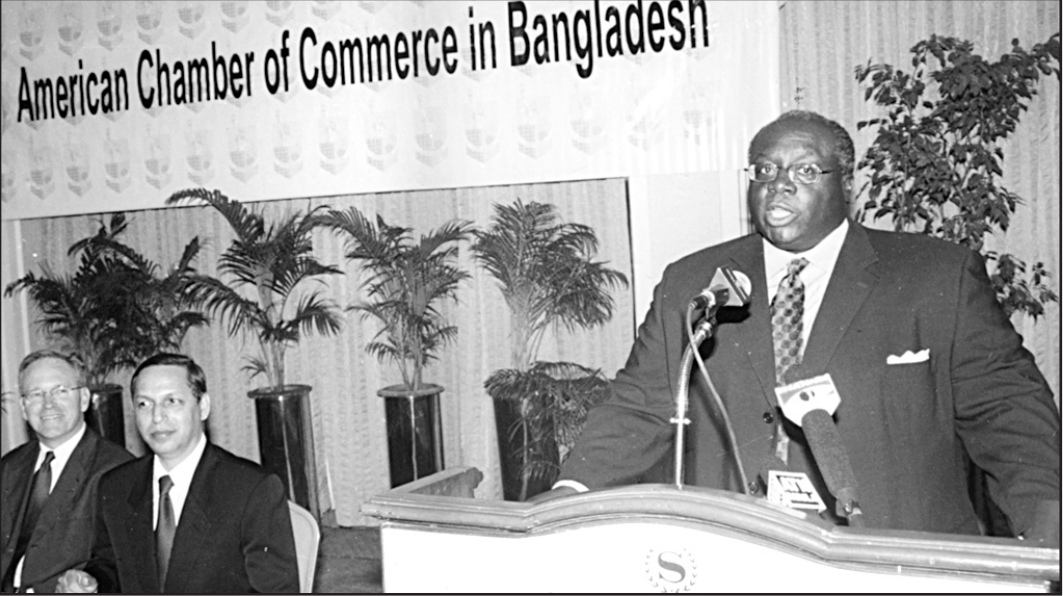


PHOTO: AMCHAM

US Ambassador to Bangladesh Harry K Thomas speaks at a luncheon meeting hosted by American Chamber of Commerce (AmCham) in Bangladesh in Dhaka yesterday. Deputy Assistant Secretary for South Asian Affairs at US State Department Torkel L Patterson, left, is also seen.

India, S Africa get ready to toast special ties

AFP, Johannesburg

Indian President Abdul Kalam arrives in South Africa on Tuesday for a visit that will celebrate the special ties between the first country to turn its back on the apartheid regime and the new democratic "Rainbow Nation".

The first visit by an Indian head of state comes as South Africa celebrates 10 years since the end of apartheid and also the centenary of a communal farm set up here by India's independence hero Mahatma "Great Soul" Gandhi.

The trip is highly emotive for Indians as Kalam will retrace a historic train journey taken by Mahatma Gandhi, which led to his political awakening and culminated in India's independence from Britain in 1947.

It is crammed full of important events: meetings with South African President Thabo Mbeki and anti-apartheid icon Nelson Mandela; an invitation to the launch of the Pan-African Parliament and an address

to parliament.

"It is a landmark visit, it is the first time an Indian president is coming on a state visit," Indian High Commissioner (Ambassador) Shiv Mukherji told AFP.

"It is also the first time that the Indian head of state will be performing an important pilgrimage -- undertaking a train ride which led to Mahatma Gandhi being thrown off from a whites-only, first-class compartment.

"A lawyer was chuckled out but a great soul or Mahatma emerged," Mukherji said. "It led to a young man successfully pitting his force against the mightiest empire of its time and leading to India's independence and much more."

Mukherji underscored that relations between India -- one of the first backers of the now-ruling African National Congress, the continent's first liberation movement, and India were "exemplary on a political level and cannot but be better."

But he said trade needed a

boost.

"South Africa is the largest economy in the continent while India is the world's fourth largest in terms of purchasing power parity and unfortunately while many good things are happening two-way trade is a fraction of its potential," he said.

India hopes to double two-way trade currently standing at 1.3 billion dollars (one billion euros) in the next three years.

Kalam's attendance at the inauguration of the Pan-African Parliament at Midrand, near Johannesburg, on Thursday is to underscore New Delhi's commitment to the world's poorest continent.

Kalam, who was born into a poor Moslem family in southern India but rose to become one of the country's top scientists is an avid lover of children and at his request, he will visit a black school in Umlazi a sprawling township outside the eastern port city of Durban.