

In Brief

China growth slows slightly

China's economy is growing at an annual rate of 9.7%, announced the Bureau of National Statistics on Friday.

IMF reprieve for Zimbabwe

The IMF has delayed its decision on whether Zimbabwe should be expelled for a further six months, to assess Zimbabwe's repayment and economic policies.

Congo diamond suspension

The body acting to prevent trade in conflict diamonds has said that Congo will no longer be able to trade with its members, due to smuggling by the African state. The ban covers almost all world trade.

China overseas bonds

China Development Bank and the Export-Import Bank of China are to issue their first overseas bonds in five years, reports Reuters.

AGOA enters US law

US President George Bush has signed the extension to the AGOA treaty, which grants some African exporters preferential access to the US market.

BAT in China

British American Tobacco has become the first foreign company to be granted approval to open a cigarette factory in China. The factory will be worth US\$1.5 billion in a joint venture with a local firm.

Leading Malaysian businessperson dies

Azizan Zainul Abidin, the chairperson of the Malaysian oil multinational Petronas, died on Wednesday aged 69. He was also head of Malaysian Airlines.

DR Congo uranium-coltan mine collapses

Seven miners were killed and two more are missing after the collapse of part of the Shinkolobwe mine in the eastern Democratic Republic of the Congo. Mining at Shinkolobwe is illegal under Congolese law, but thousands of people still work there, extracting the mineral coltan used in mobile phones. The mining is reportedly done on a disorganised and unregulated basis.

The mine was historically a source of uranium, providing the material used in the Hiroshima and Nagasaki nuclear bombs dropped during the Second World War. The International Atomic Energy Agency and the Congolese authorities have both expressed concern that an unregulated trade in its nuclear material could still occur.

Unfinished business... The history of the Shinkolobwe uranium mine

1945...Uranium from the mine used for the Hiroshima and Nagasaki bombs

1960...Belgium floods the mine at the end of the colonial period

1997...Mining resumes during the Congolese civil war

2004...DR Congo Government bans mining, but cannot implement the ban due to resource constraints

Tough neighbourhood...

Allegations that Niger had been a potential source of uranium for Iraq resurfaced last week, during a UK state-commissioned assessment of the evidence leading to the war with Iraq in 2003.

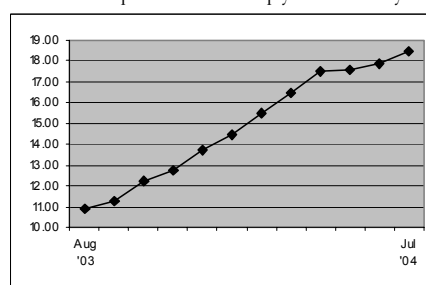


Picture: IRIN

The assessment said the allegations were well-founded. The former prime minister of Niger, Ibrahim Mayaki, dismissed the claims.

Nuclear energy

The uranium price has risen sharply over the last year.



End of month prices for U3O8 in US\$/pound.
Source: The Ux Consulting Company, LLC

Over 600,000 people trafficked each year, says US Government

Between 600,000 and 800,000 people are trafficked across international borders each year, claims a new report published by the US State Department on Monday. The 2004 Trafficking in Persons Report says that over half of them are women who are smuggled for sexual exploitation in the recipient country. Other trafficking occurs to provide cheap domestic labour, soldiers, or miners.

The report examines legal protection against human trafficking, and identifies Ghana as having some of the best legislation against human trafficking in the developing world. It groups countries according to the adequacies of their anti-trafficking law, and finds the least protection exists in ten countries, including Bangladesh, Equatorial Guinea, and Sierra Leone.

US Government on people smuggling in Sierra Leone

Sierra Leone is a country of origin, destination, and transit for victims trafficked for purposes of sexual exploitation and forced labor... Children are trafficked from rural areas to Freetown and to diamond mining areas for forced labor and sexual exploitation. Some victims are trafficked for commercial sexual exploitation to areas where international peacekeepers are concentrated. Some victims are trafficked to Lebanon, Europe, and the United States for these purposes.

Link: <http://www.state.gov/g/tip/rls/tiprpt/2004/>

Bank of China shakes up bad loans ahead of floatation

The Bank of China, one of Asia's leading banks, announced on Thursday that it has cut its bad debt ratio by 3.3% in the first six months of the year. It achieved the reduction through increased recovery of loans and lower default rates on new business.

Bad debts are now 19.2% of its loan portfolio, or US\$46.9 billion. The state-owned bank is under pressure to improve its balance sheet ahead of the full introduction of foreign competition under World Trade Organisation rules, and its own privatisation which is planned for next year.

De Beers back in the USA

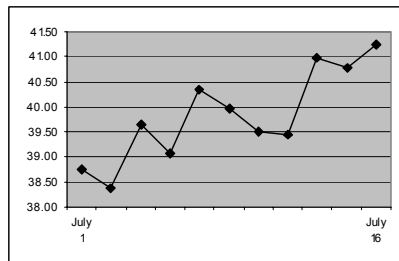
De Beers pleaded guilty in a US court last week to fixing the price of industrial diamonds in the United States between 1991 and 1992. The world's largest seller of rough diamonds was fined US\$10 million, but it will now be able to sell directly in the US market, worth around \$30 billion for jewellery and industrial sales combined. Previously it had been forced to use intermediaries.

Liberia attracts oil giant

The Spanish oil multinational Repsol has entered into agreement with the National Oil Company of Liberia to explore off the Liberian coast, near its border with Sierra Leone. The deal, signed on June 7, is the first to bring a major oil company to the country, and will see Repsol invest US\$10-15 million in exploration. Repsol is already active in Sierra Leone, and investigations off the coast of Cote d'Ivoire in 2000 indicated the likely presence of oil in Liberia.

Oil trades near all-time high

Light sweet crude oil closed the week at US\$41.25 per barrel on the benchmark August futures contract in New York, close to its annual high. Its \$1.29 rise over the week was fuelled in part by continued concerns over instability in the Middle East, but some analysts see a more fundamental cause for the increases, particularly rising Asian demand and ineffectiveness of OPEC to control the upward rise of prices.



Close of day prices in July in New York, US\$/barrel, on the August futures contract

Conserve Indian oil, says industry

India should urgently try to limit its consumption of oil and adopt other sources of energy, said speakers at a conference organised by the Confederation of Indian Industry last week. Subir Raha, the chairperson and managing director of the Oil and Natural Gas Corporation, said that global peak production of oil may happen in the next few years, while demand would keep rising. He argued that gas derived from coal could serve as a substitute, or possibly sources from solar energy. Another speaker, Avinash Chandra, the former head of the Directorate General of Hydrocarbons, said that India's crude oil reserves would run out inside 20 years, and gas reserves within about 28 years.

Ghana SE leads world

The Ghana Stock Exchange almost doubled in value over the first half of the year, with the Databank index of leading shares reaching 8,158, up 95.9% since January 1. The US dollar return was also strong at 91.5%, with inflation set to be in single digits this year according to IMF estimates. The world-leading growth was largely registered between February and April, and has slowed since then.

Great Lakes reunited

The Great Lakes Economic Community, comprising Burundi, Rwanda, and Democratic Republic of the Congo, is to be restored after six years of inaction. The Foreign Ministers of the countries reached agreement in the Belgian capital Brussels last week on a deal which will include provisions relating to cooperation in finance and energy in the region. The first meeting is scheduled for September.

Market Watch

(Week ending 16/7/2004)

Equity market leading indices and (increase in week)

Casablanca MASI	4,442 (0.0%)
Bombay SENSEX	4,951 (0.1%)
Cairo CASE 30	1,579 (8.8%)
Mauritius SEMDEX	649 (-0.5%)
Nairobi NSE 20	2,675 (0.6%)
Lahore LSE-25	2,800 (-1.5%)
Indian National NIFTY	1,559 (0.4%)

Selected currencies value to US\$1 and (strengthening in week)

Ethiopia Birr	9.0 (-1.2%)
Gambia Dalasi	30.2 (-0.3%)
Ghana Cedi	9,210 (-3.5%)
India Rupee	46.1 (-0.7%)
Indonesia Rupiah	8,980 (0.2%)
Kenya Shilling	80.7 (-0.9%)
Malawi Kwacha	110.4 (-4.3%)
Nigeria Naira	138.1 (-6.2%)
Pakistan Rupee	60.3 (-0.4%)
Tanzania Shilling	1,131 (-0.6%)

OECD argues for release of African energy

Africa contains large amounts of unused energy resources that could help with the achievement of development aims, says the Organisation for Economic Cooperation and Development in its 2003/4 African Economic Outlook, published on June 8. It claims that almost half of the countries on the continent could produce hydropower, but that only 7% of the potential is used. It also outlines the possibilities for more efficient production. Presently, it is not optimistic about the prospects of Africa meeting its Millennium Development Goals, except, partially, the North African states and Mauritius.

Link:

http://www.oecd.org/document/47/0,2340,en_2649_201185_32282223_1_1_1_1,00.html

Coordinated action on E.African corruption

The United Kingdom High Commissioner to Kenya, Edward Clay, used a speech on Monday in Nairobi to attack what he sees as the corrupt practises of the Kenyan administration, and their "greed" and "arrogance". His speech was followed by similar, if more moderately worded, calls by the Norwegian and United States Governments for Kenya to address corruption. The French Ambassador in Uganda, meanwhile, was criticising the Ugandan authorities for allowing embezzlement of public funds.

Link: The full text of Edward Clay's speech

<http://allafrica.com/stories/200407140801.html>

IMF issues positive assessment on Egypt

The IMF Executive Board published its assessment of the Egyptian economy on Monday, following standard bilateral consultations. Among the main conclusions were:

- The economy was resilient in 2003
- Export performance was strong
- Economic activity improved
- The economy is not excessively vulnerable to external factors, because of the authorities' prudent approach
- A more ambitious pace of structural reform is desirable, notably with respect to supporting private sector development
- Monetary policy should continue to be tightened
- Fiscal consolidation should limit the growth of public debt

Comment: Dirty business

The partial collapse of the Shinkolobwe mine in the South East of Democratic Republic of the Congo earned it the attention of the international media last week. The mine had earlier this year been reported as a centre of a thriving industry of illegal mining, by workers who are prepared to break government prohibition to extract the mineral coltan. It is not, however, coltan which led an American team of investigators to examine the mine at around the same time, but rather its uranium. In the current tense international climate, there were concerns that the radioactive mineral could fall into the hands of terrorists and be used to manufacture a bomb. The team was reported to have been satisfied that the risk was low. There are other reasons why Western countries may not

wish to see government rules openly disregarded at Shinkolobwe. Mining revenues have fuelled the conflict in the DR Congo, and humanitarian considerations would suggest that some form of government control should be applied there. An unstable DR Congo spreads instability to the whole sub-region, which is undesirable for the West even in purely self-interested terms, as it is a major supplier of oil to the United States. For these reasons, supporting the regulation of the mineral trade at Shinkolobwe and throughout the surrounding Katanga district is a desirable aim, whilst stopping short of prohibiting a source of income for some very poor people.