

## In Brief

### Zimbabwe Finance Minister arrested

The Zimbabwe finance minister Chris Kuruneru was arrested last week, following allegations of illegal foreign exchange transfers and citizenship irregularities.

### Vietnam passes anti-dumping law

National Assembly passed into law on Thursday measures protecting the economy against dumped imports, to enter into force at a later date which is still to be decided.

### West Africa livestock delegation

A delegation from the West African Economic Community Cedeao has finished a three-week visit to the livestock migration regions along the borders of Burkina Faso, Ghana, and Togo, aimed at improving livestock management and reducing conflicts between herders.

### Summit on Niger Basin water

Leaders from nine West African states met in Paris last week, to discuss water resources in the River Niger. The meeting aimed to strengthen cooperation between the states over an asset threatened by desertification.

### Vietnam-Laos cooperation

Vietnam and Laos will work together on rural development and food production projects worth more than US\$100,000 in the Laotian capital Vientiane, revealed the official Vietnam News Agency last week.

## ChevronTexaco suspends Delta State production

The US oil company ChevronTexaco has suspended its plans to reopen oil production in Nigeria's Delta State, following attacks which left seven people dead, including several of its own workers. The company said that it would not resume work in the region until a safe and secure environment could be guaranteed. Production had previously been suspended following violence in 2003.

The current attacks have been linked by some sources to conflict between the Ijaw and Itsekiri ethnic groups. The Itsekiri were reportedly unhappy with an agreement between ChevronTexaco and

Ijaw leaders which seemed to benefit Ijaws at their expense. However, in a region of high unemployment and whose geography makes it difficult to police, the boundaries between ethnic violence and other crime are not always clear. Two of the dead workers were American expatriates, and the Nigerian authorities said they were treating the act as purely criminal.

## Jindal Steel and Power to trade energy

India's Jindal Steel & Power announced last week that it plans to enter into energy trading business. Jindal, which has the largest coal-based sponge iron manufacturing capacity in the world, will submit its application to the Central Electricity Regulatory Authority. The authority regulates the post-privatisation energy market.

Jindal has been generating power since 1991 and in January announced the establishment of a 1000 MW plant near to its coal mines at Chattisgarh. It has expanded its core steel business recently, as well as diversifying into gold and diamond prospecting.

## Caterpillar enters Yuan debate

China would benefit from the revaluation of the Yuan said the chairman of Caterpillar, the heavy industrial goods manufacturer, in an interview published last week by Dow Jones Newswires. Jim Owens' comments come as speculation rises about how China will control inflationary pressures which have been fuelled by rising costs of raw material imports. The issue has become political, with China's trading partners pressing for revaluation of the currency to reduce what they see as an unfair export advantage.

Caterpillar operates in China through wholly owned subsidiaries and local partnerships. A revaluation of the Yuan would lower costs of raw materials, but also increase dollar denominated profits of the U.S. multinational. As China is a large consumer as well as producer of Caterpillar equipment, a higher value Yuan would increase the competitiveness of Caterpillar imports if the rapidly industrialising country becomes a net importer in the future.

## ITU Telecom Africa conference starts on Tuesday

The International Telecommunication Union will hold its 2004 exhibition and forum in Cairo from May 4-8, with displays of innovations and state-of-the-art technology from mobile networks to the Internet. Government and industry leaders who are expected to attend include Alcatel, the Botswana Telecommunications Authority, Cisco Systems, Huawei, Microsoft, Orascom, Siemens, the South African Department of Communications, Uganda Telecom, and Vodafone.

African telecommunications are a growing market, with agreements signed in Ethiopia and North Africa recently for the installation of major new networks and equipment. South African companies have been notable operators in the continent, expanding rapidly in Central and Western Africa, with the high-potential Nigerian market viewed with particular enthusiasm.

## Heineken leaves Angola and Chad

Heineken, the Dutch brewer, has sold its interests in Angola and Chad, with effect from May 3. It formerly operated in minority partnership with the Angolan Government in the New Angolan Beer Company and the Angolan Beer Company, and held 100% of the Chadian company Logone Brewers. It said that it was exiting due to lack of potential in the markets.

Heineken has been adjusting its African operations since it made the business decision in 2003 to refocus on African countries with attractive beer markets. It has since increased its presence in both Nigeria and South Africa.

## Astra profits jump

Astra International, the leading Indonesian car maker, announced on Friday a 37% increase in its net profits to US\$143 million for the first quarter of 2004 compared with the same period last year. Its unaudited accounts showed large increases in sales and revenue, which analysts say were helped by interest rate cuts.

Astra has reduced its overseas debt sharply since the Asian currency crisis of 1997/8, when foreign currency exposure cost it dear, and it has benefited from the sale of non-core assets. Its operating profit was largely unchanged at \$97 million, however, as operating expenses increased sharply.

## Bombay SE falls on poll uncertainty, Lahore rises

The Bombay Stock Exchange's SENSEX index fell 4.6% last week, after exit polls indicated that the ruling BJP and its partners are unlikely to gain an overall majority in the Indian elections. The BJP have pursued liberalising economic policies, which they would probably have to compromise to enter into a new coalition in a hung parliament.

The seven largest shares in SENSEX all fell, with Reliance Industries declining 7.1%. On Thursday, the petrochemical, financial services, and information technology giant published its audited annual figures for the year ending 31 March 2004. Whilst the record profit of \$1.2 billion was recognised as strong, the figures had been widely expected by the market, and were factored into its valuation earlier. There was little comfort among the smaller stocks either. The BSE-500 index, which covers 94% of market capitalisation compared to

SENSEX's 26%, fell by an even larger 5.1%.

The Lahore Stock Exchange LSE-25 index rose 1.3% last week, partially reversing the 5.4% fall the previous week. The index appeared unaffected by the declines in the Indian markets. The exchanges at Lahore and Karachi have been only weakly associated with the short term and medium term movements on Indian exchanges over recent years.

## Market Watch

Week ending 30/4/2004

Equity market leading indices and (increase in week)

Casablanca MASI	4,621 (1.4%)
Bombay SENSEX	5,655 (-4.6%)
Cairo CASE 30	1,535 (1.8%)
Mauritius SEMDEX	643 (1.6%)
Uganda All Share	376 (1.3%)
Lahore LSE-25	2,976 (1.3%)
Indian National NIFTY	1,796 (-5.1%)

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

Ethiopia Birr	8.8 (0.7%)
Gambia Dalasi	29.4 (0.0%)
Ghana Cedi	8,800 (0.0%)
India Rupee	44.4 (-0.6%)
Indonesia Rupiah	8,858 (-2.5%)
Kenya Shilling	78.7 (-0.2%)
Malawi Kwacha	110.6 (-0.3%)
Nigeria Naira	130.0 (5.7%)
Pakistan Rupee	59.6 (-0.2%)
Tanzania Shilling	1,142 (-0.2%)

## Conditional support for Angolan openness measures

The IMF released a statement on Tuesday in which it praised the Angolan authorities' improvements in data collection and transparency. The statement was made in the Angolan capital Luanda, where an IMF mission had just finished a two week visit. It urged the authorities to sustain the initiatives, and said that "there is an urgent need to develop and retain qualified human resources".

The increased transparency was also welcomed by the lobby group Global Witness. Global Witness has been fiercely critical of the Angolan Government in the past, and remains concerned about the use of oil to guarantee loans, which it claims reduces accountability. The IMF has taken a similar stance.

## Comment: Tiger pack

The Asian Development Bank published its annual Asian Development Outlook last Wednesday, with its usual array of figures showing impressive economic growth. If the latest set are to be believed, Asia does not just have a few tigers economies; it has a pack of them. The average growth expected among Asian developing countries is 6.8% for 2004, and 6.7% for 2005. East Asia has booming exports, Central Asia has petroleum revenues, and South Asia has the benefits of reduced political tensions.

But misjudgements are easy to make. Even if the projections are accurate, there are many sources of possible instability. The increasing role of China is an important one. Successful as the economic management of the People's Republic has been for twenty years, there is no guarantee that it will be so forever. A contraction in demand in a mature, goods-importing, capital-exporting China could submerge half the tigers in the region.

## Futures show expectation of flat coffee prices and falling cocoa prices

May 2004 coffee futures on the New York Board of Trade closed the month at US\$67.15 per pound, the lowest short-term futures price of the year. Prices have fallen sharply since March 22, when \$77.35 was reached. There is some coffee price growth implied in longer term futures, with the December 2005 future trading at \$82.65. However, calculations by this newsletter show that the approximate nominal growth anticipated on coffee prices is just 3.6% per year, using arbitrage arguments and discounting at 10% for interest and storage costs.

End-of-month short-term cocoa futures were near to their annual low, closing at \$1413 per metric ton on the May contract. The December 2005 contract is priced at \$1492, and AfricaAsiaEnterprise's calculations indicate that a nominal decline in price of around 5.9% per year is expected. Given the civil conflict in Côte d'Ivoire, the world's largest producer, and the tendency of African ceasefires to be short-lived, it remains to be seen if the expectation of such price reductions is realistic.

## Kenya fraud net widens and tightens

Kenyan Justice Minister Kiraitu Murungi and Finance Minister David Mwiraria visited London last week, to begin the process of freezing assets allegedly looted by the former Government of Daniel Arap Moi. The assets, which are understood to exceed US\$1 billion in value, have been tracked by the international investigation consultancy Kroll Associates to sites worldwide. The Kenyan officials have engaged a team of lawyers to pursue their recovery.

## Ministers call for increased Africa focus

African Finance Ministers issued a communiqué last week calling the IMF to give Africa increased advocacy, attention, and representation. The communiqué, distributed during a meeting at the IMF's Washington D.C. headquarters, comes as the Fund is looking for a new Managing Director, following the departure of Horst Köhler.

The front-runner for the post is Rodrigo Rato, a former Spanish Finance Minister. Some press reports claimed that African ministers were not satisfied with the tradition that the Managing Directorship always passes to a European. The communiqué called for the creation of a deputyship focussed on Africa, and the recruitment of African professional staff. As a note of reconciliation, it said that the Ministers believed Mr Rato would be sympathetic to African challenges.

Annual % GDP growth expected in 2005

China	8.2
Philippines	5.0
Malaysia	5.6
Bangladesh	6.0
India	7.6
Azerbaijan	12.5
Papua New Guinea	1.7