

## In Brief

### Oil prices hit 13 year highs

Crude oil closed trading in New York on Friday at a thirteen year high of US\$40.05, following tensions in the Middle East.

### African Union federal vision

The African Union published its final draft version of the framework of the AU Commission on Tuesday, and invited public consultation. The document sees eventual joining of regional economic communities into a federation.

### New outbreak of avian flu in Vietnam

The Vietnamese Government confirmed last week that a new outbreak of avian flu occurred in April on a family farm in the Mekong Delta district. They said it had been contained.

### Former head of Benin's armed forces arrested

Colonel Gandonou Kodja, the former chief of Benin's army, was arrested just outside the capital Cotonou on May 3 on charges of embezzling around US\$60,000 from the ECOMOG military intervention force in Liberia in 1997. He had previously been living in exile.

### Commonwealth S-G tours West Africa

Don McKinnon, the Commonwealth Secretary-General, is visiting West Africa to discuss trade, cooperation, and the NEPAD initiative. His tour includes Gambia, Ghana, and Sierra Leone.

## Burundi healthcare excludes a million, says report

The structure of Burundi's healthcare system came in for heavy criticism last week, with claims that it excludes a million of people from basic medical attention. The report, published by the international charity Doctors Without Borders on Thursday, asserts that the cost recovery basis of the system is inappropriate in a country where average recorded GDP per person is just US\$100. It was introduced in 2002 with support from the World Bank and the IMF.

Burundi's healthcare system has suffered during a decade of civil war, although funds were received recently from foreign insurers for the reconstruction of a major hospital in the capital, Bujumbura. It is also suffering from recent increased incidence of malaria in its highland areas. The increase is allegedly caused in part by global warming, leaving Western countries in a morally difficult position in dealing with the impoverished state.

## 15% of Africans will use mobile phones by 2010

The ITU Telecom Africa 2004 conference was held in Cairo from May 4-8, bringing together some of the largest regional and international telecommunications operators in a showcase for the industry. The message from the conference was very positive about the future of mobile telecommunications. The ITU report African Telecommunication Indicators 2004 estimated that 15% of Africans will use mobile phones by 2010, up from the present 6%. The figure may even reach 20%, and will be no less than 10%.

*Twice as many mobile users as fixed line.*

Among the other key findings of the report are:

- There are now twice as many mobile phone users as fixed line users
- Mobile technology is driving African internet usage, currently through WAP and SMS systems, but increasingly through third generation technologies like WiFi and WiMax
- Fixed line usage will grow more slowly
- Some equipment can operate profitably on annual revenues of just US\$5 per person.

## Indonesian state tin producer diversifies to coal

Indonesia's PT Timah, the world's largest integrated tin producer, is to increase its annual coal output to around 3 million tons over the next two years. Speaking on Thursday, Timah President Tobrani Alwi said that the company's two existing mines currently produce 400,000 tons of coal. He added that the high prices of coal had justified their purchase last year.

Coal production will provide Timah with more diversified output and protection against uncertainty in the tin market. Tin prices have been trading at near US\$9,100 per ton, their fourteen year high. However, these prices follow severe restriction in production by Timah in the face of domestic competition, and uncertainty about the availability of the metal from Chinese producers. Analysts predict that demand will outstrip supply this year as in 2003, and say that stocks are dwindling.

## TechKinetics to distribute QNX products in China

TechKinetics, the Singaporean technology distribution and services company, has opened an office in Shanghai for the marketing of software from the Canadian company QNX. The office is the first of three due to open this year. They will also provide support and consulting services for the QNX real-time operating system and development suite.

The Asian market for embedded software is expected to grow rapidly in the next few years, and in March the QNX

## Mustafa Njie: Gambian Businessman of the Year

The Gambian Chamber of Commerce and Industry awarded Mustafa Njie the title of Businessman of the Year in a ceremony held on Friday, according to reports in the local press. He previously won the award in 1992. His company, Taf Holding, has built a strong position in the Gambian construction market through vertical integration from the supply of building materials to the construction and sale of finished apartments. Taf Holding also won a corporate award.

Other awards went to Yarbor Forster (Businesswoman of the Year); SSHFC (Investor of the Year); and West African Travel & Tours (Exporter of the Year).

## Reliance to become world's largest polyester fibre and yarn manufacturer

Reliance Industries is to increase its polyester fibre and yarn production by 400,000 tons from its current level of just under a million tons. The increase will make the India's largest company the biggest producer in the world. In a release to the Bombay Stock Exchange, the company said that it would allow the company to capture growth in the textiles market and would add value to its other chemical production.



*Self-Reliance... Reliance's plastics factories are among the largest in the world. freefoto.com*

The company said that it is near to finalisation of plans to use state-of-the-art production techniques. The company currently produces polyester at its Patalganga Complex near Mumbai, while its textile manufacturing division is in Naroda, Gujarat.

operating system was selected for use in a number of high-profile Asian car electronics systems. TechKinetics has built an enviable distribution base in the region, with a number of international firms using it as their local distributor.

## Asian currencies up against Yen, down against dollar

Value to US\$1		01/01/2004	09/05/2004	Change
Taka	Bangladesh	59.6	60.9	-2.1%
Riel	Cambodia	4,087	4,131	-1.1%
Rupiah	Indonesia	8,448	8,793	-4.1%
Kip	Laos	8,045	8,130	-1.1%
Ringgit	Malaysia	3.8	3.8	0.5%
Rupee	Nepal	74.7	75.5	-1.1%
Dong	Vietnam	16,156	16,252	-0.6%
Euro	Eurozone	0.80	0.84	-5.8%
Yen	Japan	107.4	112.4	-4.6%

The currencies of developing Asia have strengthened against the Euro and Yen this year, with moderate weakening against the dollar. Partially this represents the effect of managed floats still common in the region, but the principle reason is likely to be the positive macroeconomic forecasts for the region from bodies such as the IMF and the Asian Development Bank.

It is possible that more of the currencies might have gained against the dollar, as the Malaysian Ringgit did, if their central banks had not adopted a policy of building foreign currency reserves during periods of currency strengthening. This is a stated policy of exchange rate management in Cambodia, and is also used in Laos, Vietnam, and Malaysia.

## Market Watch

(Week ending 7/5/2004)

Equity market leading indices and (increase in week)

Casablanca MASI	4,624 (0.1%)
Bombay SENSEX	5,670 (0.3%)
Cairo CASE 30	1,561 (1.7%)
Mauritius SEMDEX	654 (1.6%)
Uganda All Share	366 (-2.7%)
Lahore LSE-25	3,007 (1.0%)
Indian National NIFTY	1,804 (0.5%)

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

Ethiopia Birr	8.8 (-0.2%)
Gambia Dalasi	29.7 (-1.1%)
Ghana Cedi	8,800 (0.0%)
India Rupee	44.7 (-0.6%)
Indonesia Rupiah	8,718 (1.6%)
Kenya Shilling	79.1 (-0.4%)
Malawi Kwacha	106.5 (3.7%)
Nigeria Naira	130.0 (0.0%)
Pakistan Rupee	59.7 (-0.2%)
Tanzania Shilling	1,143 (-0.1%)

## ACP-EU Council of Ministers discuss trade, aid, and HIV

The annual Council was held in Botswana May 6-7 between ministers from the European Union and the ACP grouping of African, Caribbean, and Pacific states. The first day concerned trade and development between the two blocs, while on the second day the challenges of HIV/AIDS were discussed.

The trade and development discussions focused on the assessment of economic cooperation agreements; the EU's clean water initiative in developing countries; the operation of the FLEX scheme for compensating for loss of export earnings; country strategy papers; and the operation of the Cotonou agreements establishing the current relations between the ACP and EU.

## Malaria conference seeks artemisinin funding solution

A grouping of charities and international organisations hosted a conference on the new malaria treatment based on the medicine artemisinin in New York on April 29-30. Artemisinin is used in combination with other drugs where chloroquine and older remedies are no longer effective, and has been shown in trials to be very successful. The conference, which assembled industry, charity, and governmental representatives, aimed to find ways of making the treatment available to vulnerable populations. At present, its price of \$2.40 per person for a full course is prohibitively expensive.

According to estimates on the World Health Organization's website, malaria is believed by economists to cost some African states 1.3% of GDP per year. The WHO estimates that they may spend as much as 40% of their entire health budget on the disease.

## Nairobi SE resumes slide

After a brief rest in April, the Nairobi Stock Exchange has resumed its downwards slide, with a fall of 3.0% last week after a 1.5% decline the previous seven days. As in earlier weeks, the falls have been registered across all sectors of the market, with few shares escaping. The market price/earning ratio is now 27.4. With a 3.0% decline in market values per week it will be a further eleven weeks before a price/earning ratio of under 20 is obtained, which some analysts use as a threshold for examining shares for bargains.

Elsewhere in the region, the Uganda Stock Exchange, which has shadowed Nairobi this year, was down 2.7%. The Dar es Salaam Exchange was broadly unchanged, with the Dar-es-Salaam Airport Handling Company climbing Tanzanian Sh.10 to TSh.560 and Tanga Cement falling TSh.50 to TSh.760 during the Tuesday session.

## LDCs prepare WTO response

Ministers of Trade of the Least Developed Countries (LDCs) met in the Senegalese capital Dakar last week, for a meeting on international trade. The progress of the current Doha round of World Trade Organization talks was central to the agenda. The round is due finish soon, and the participants are keen to avoid the deadlock that accompanied the last set of talks started at Cancun.

The Ministers indicated that they are willing to make concessions on some of the more difficult points that arose during previous WTO discussions. Cancun ended with developing countries and developed countries unable to reach agreement on a number of key issues of market access. The importance that the WTO participants attach to agreement was emphasised by the attendance at Dakar of WTO Director-General Supachai Panitchpakdi and European Union Trade Commissioner Pascal Lamy.

## Comment: Unfair but not closed

Much of the debate at the Least Developed Country Ministerial meetings last week in Senegal focussed on the subsidies offered by developed countries to their cotton farmers. The debate will continue into the WTO talks later this year, and will also mention dumping by Western countries, their manipulation of world prices, their tariffs, quotas, and non-tariff barriers, the few concessions they offer, their strict rules of origin, and their commitment to one-sided open markets.

All of these obstacles to development may be condemned by the ethics of Western aid agencies or even free market liberalism. But they do not represent the whole picture of Western market access for LDCs. Although compromised by temporary exemptions on key commodities, the European Union's Everything But Arms initiative ([http://europa.eu.int/comm/trade/issues/global/gsp/eba/index\\_en.htm](http://europa.eu.int/comm/trade/issues/global/gsp/eba/index_en.htm)) offers LDCs access to EU markets comparable with that of member states themselves. The US African Growth and Opportunity Act (<http://www.agoa.gov>) offers duty free access for some African states, subject to many exemptions and stringent rules of origin. For individual entrepreneurs to ignore these opportunities would be uncharacteristic and unforgivable. Entrepreneurs in LDCs regularly show the skills needed to take full advantage of them. The developed markets are unfair for developing countries, but not for every businessperson in them.