

**New chairman of WB-IMF development body**

WASHINGTON, Sept 6: The World Bank/IMF Development Committee announced today that Morocco's Minister for Finance, Commerce, Industry and Handicrafts Driss Jettou has been selected as its new chairman. Reports Xinhua.

Driss Jettou will replace Mohamed Kabbaj, who chaired the committee from April 1995, until leaving the post as Morocco's finance minister last month.

The development committee is the joint ministerial committee of the World Bank and the International Monetary Fund (IMF) and also regarded as the policy-making body of the two international financial institutions, focused specifically on developing country issues.

The development committee's 24 members, mostly ministers of finance or development, represent the full membership of the World Bank and the IMF. The committee meets twice every year. Its next meeting is scheduled on September 22 in Hong Kong, China, at the World Bank/IMF 1997 annual meetings.

**Taiwan, Russia to go ahead with aviation pact**

TAIPEI, Sept 6: Taiwan and Russia gave the go-ahead for an aviation pact Thursday, ending nearly four years of negotiations under the shadow of China's objections, reports AP.

The pact, signed in Moscow in March, was honoured by the heads of the representative offices of Taipei and Moscow, Francisco Ou and Leonid Zapalskiy, a Taiwanese Foreign Ministry statement said.

The move will further bolster Taiwan-Russia relations, following the establishment last year of Moscow's unofficial mission in Taipei, the statement said.

Taiwan's China Airlines and Moscow's Trans-Aero Airlines will fly a new, twice-weekly route between Taipei and Moscow starting next month, officials said.

The two sides also agreed to continue negotiations over extending the flights to European points.

There was virtually no contact between Russia and Taiwan during the Cold War. But growing trade, tourism and cultural exchanges have followed the easing of hostilities in the early 1990s.

However, semi-official or official contacts often run into objections from China, which claims Taiwan as a renegade province with no right of self-government.

**MAS to buy 25 aircraft**

KUALA LUMPUR, Sept 6: Malaysian Airline the national flag carrier will buy the 25 aircraft it has ordered despite concern over the nation's widening current account deficit, says AP.

On Thursday, Prime Minister Mahathir Mohamad said several mega-projects like the Bakun hydroelectric project would be postponed due mainly to the falling value of the ringgit against the US dollar.

But the executive chairman of MAS, Tajudin Ramlil said Friday the airline was short of aircraft and needed them to service its expanding network and destinations.

He said MAS will take delivery of another Boeing 747 next month, the last for this year, while other aircraft, part of the 25 ordered last year, are scheduled for delivery during the next two years.

Tajudin maintained the MAS had contributed significantly to the nation's economy from its foreign earnings.

"Our income is in multi-currencies such as the US dollar and the yen. Only a small portion is in ringgit," he said.

Tajudin said that the cost of the new aircraft would be offset by the sale of old airplanes.

Tajudin said despite the currency and share market crisis, he did not expect the country's economic growth to slow down as the performance of companies was good.

"The air transport and telecommunications sectors report double-digit expansion," Tajudin said.

**Thai Airways to resume flights to Cambodia**

PHNOM PENH, Sept 6: Thailand's national flag carrier, Thai Airways International, plans to resume flights to Cambodia October 1 provided political turmoil doesn't erupt again, the airline said Friday reports AP.

The airline suspended flights following a bloody July 5-6 coup in the Cambodian capital, Phnom Penh, in which Second Deputy Prime Minister Hun Sen ousted First Prime Minister Norodom Ranariddh.

A press release said Thai International would operate flights between Bangkok and Phnom Penh every Monday, Wednesday and Friday.

"Should political unrest recur, Thai will again suspend its operations until further notice," the release said.

Since the coup, Cambodia's national airline and a Thai charter company have been serving the Bangkok-Phnom Penh route.

**Business briefs**

month's 1.3 per cent, the National Statistics Office said Friday.

The Philippines' international reserves, depleted by currency market intervention in early July, stood at 10.55 billion dollars as of Sept 2, the central bank said Friday.

The level is nearly 1 per cent higher than the \$10.45 billion registered on July 22.

The latest level is equivalent to nearly 2.8 months' worth of Philippine imports. Ideally, countries should maintain international reserves equivalent

**Reeling under economic crisis, Thailand banks on visitors**

BANGKOK, Sept 6: Japanese shoppers snap up swaths of Thai silk at a prestigious emporium. Americans, Germans and other beam as they leave foreign exchange booths.

An embattled government leaders dream of tourist dollars, yen and marks by the barrel-loads.

"I can't believe I got so much for my money," said British tourist Mike Thompson after realising nearly a third more in Thai baht for his pounds than he would have two months earlier. Reeling under an economic crisis, Thailand is banking on visitors like Thompson to flock in record numbers to its cheap shores and notch up record spending.

After a July 2 revaluation of the Thai baht, currencies like the US and Australian dollars, German mark and Japanese yen are up between 25-35 per

**'Disparity' in wages Indian govt officials warn of indefinite strike**

NEW DELHI, Sept 6: Government officials on Friday warned that they will join an indefinite strike called by four million state workers to press for parity in wages, reports AP.

The All India Confederation of Government Officers' Association said it had decided to participate in the strike because the government had ignored the demands of tens of thousands of mid-level officials.

"We would be forced to launch an agitation since the militant elements in our group are getting restive," it warned.

The confederation is demanding pay parity with senior bureaucrats, quicker promotions and other perks.

National trade unions on Thursday said four million state employees would launch an indefinite strike from September 24 unless the government meets their demands.

They are protesting against a government decision to hike wages for most federal workers by 95 per cent, compared to an almost 300-per cent hike for senior bureaucrats.

Thousands of strikers on Thursday marched to the Finance Ministry, disrupting traffic in the heart of the capital.

Thursdays' strike was endorsed by the main opposition Hindu nationalists as well as Prime Minister Inder Kumar Gujral's centrist Janata Dal (people's party), and the government communist allies.

Finance Ministry officials say there is not enough money in the coffers to increase the pay awards.

In July, New Delhi almost trebled salaries of 2.2 million senior staff, including the military. Junior employees alleged they had been promised higher increases and felt cheated.



Directors of Rupali Bank Board and Managing Director exchanging views with the branch managers at the conference of the heads of Tangail and Jamalpur zones of the bank recently.

**Higher interest rate to prop up peso in Philippines**

**Govt defends policies as business fears decline**

MANILA, Sept 6: Top Philippine government officials defended their economic policies Friday in a meeting called by business leaders who expressed fear of an economic slowdown, reports AP.

President Fidel Ramos and Cabinet members listened as the business leaders predicted a manufacturing decline caused by higher interest rates imposed by the government to support the country's weakening currency.

As in other Southeast Asian countries, the Philippine currency, and stock market, have taken severe beatings in recent months as an economic crisis in Thailand has dulled the region's luster for investors.

The government officials stressed that the economy's fundamentals remain solid, but acknowledged a need to implement further measures to prevent it from losing its recent gains.

Finance Secretary Roberto de Ocampo said the country could actually be "facing a window of opportunity."

"The Philippines should

take this currency problem as an opportunity to make ourselves an economy stronger and more resilient than before," he said.

But the economic debate was overshadowed by Ramos' first public statement that he may not step down when his term expires in June 1998.

"I must keep my options open because it's not my personal future that is at stake, it is the national interest and the people's well being," Ramos said in response to a question about whether he would run again.

The statement stunned the business leaders who were expecting a repeat of Ramos' previous denials of plans to run again.

The constitution limits presidents to a single six-year term. A debate over whether the constitution should be amended has dominated Philippine politics, blocking debate in Congress on key economic bills.

Many of the businessmen attending Friday's meeting are members of four business groups that released a joint statement Thursday opposing charter change.

Supporters argue that Ramos should be allowed a second term because of the economic and political reforms he has achieved. Opponents say the economic achievements are threatened by the current currency crisis and by political instability caused by the constitutional debate.

The peso has depreciated by about 22 per cent since July 11, when the central bank abandoned its attempts to peg it to the US dollar.

Since then, the central bank has raised interest rates and reduced the amount of money in circulation in attempts to increase demand for pesos. Both policies, however, could retard economic growth.

The government's chief economic planner, Clelio Habito, said the government would pursue five points in responding to the currency crisis: prevent a production slowdown; keep prices stable; arrest the weakening of the peso; sustain economic reforms; and seek a cooperative government-business response.

Specific plans of action, however, were not discussed.

rate of 7.9 per cent.

Analysts were pleasantly surprised with the August inflation report, noting that the month's consumer price index placed the country's average annual inflation rate from January to August at 4.6 per cent.

Economists had forecast August's inflation rate at between 5.0 per cent and 6.5 per cent. Credit for the lower-than-expected inflation rate went to a slowdown in food price increases to 0.6 per cent from last

to at least three months' worth of imports.

Gabriel Singson, governor of the central bank, said the country's improved reserve level was a result of dollars gained from a recent bond float by the state-owned Development Bank of the Philippines. The bond float, valued at 136 million dollars was bought by the central bank.

The Japan Export-Import Bank has released a \$326 million loan which will be used to replenish the Philippines' drained international reserves.

Gabriel Singson, governor of the Philippine central bank, made the announcement Friday.

Last month, Singson announced that the Philippines will borrow a total of 400 million dollars from the Japan Eximbank. The amount will come from a loan facility made available by the Eximbank to various countries for economic development purposes.

The 326 million dollars loan is the first portion to be drawn from the total financial assistance package of the Japan Eximbank. It will be repayable over 10 years, beginning in the year 2001, Singson said.

The second portion is due in November, he added.

— Source: AP

cent against the local money.

"As we swing into the high tourist season, I think things are going to get very good. I'm optimistic," says William Booth, managing director of the 46-year-old Jim Thompson Thai Silk Company.

Thailand needs all the monetary infusion it can get, given falling finance companies, plummeting reserves and other woes that led to a 17.5 billion dollars bailout by international institutions.

Tourism could prove a saviour. The industry ranks as the No 1 foreign revenue earner, ahead of computers, textiles and electrical appliances.

Last year, 7.2 million tourists brought in 219 billion baht (8.6 billion dollars) in income.

But not everyone is confident noting government mismanagement, conflicts within

the tourism industry, environmental problems and uncertainty about how much the de facto devaluation can help.

Veteran travel trade writer Don Ross said Thai agents had been quoting prices of package tours, which bring millions of people to the country, to overseas counterparts in Thai baht. And most of the package prices have been fixed under long term contracts.

The government has increased the 7 per cent value added tax to 10 per cent, while the economic slowdown has forced hotels and other tourist businesses to cut staff and spend less on marketing.

The government, Ross said, has provided few incentives to a sector badly hit in recent years by a major glut in hotel rooms.

"The government has shot the tourist industry in the head," Ross said, predicting it

**Euro must start on time, says German FM**

BONN, Sept 6: Europe's currency union must be introduced as planned on January 1, 1999, and the Maastricht Treaty criteria for the union must be strictly observed, German Foreign Minister Klaus Kinkel said Thursday, reports AP.

"No one should be made to feel unsure. The euro must and will come punctually on January 1, 1999, under strict adherence to the treaty's stability criteria," Kinkel said. "This is the position of the federal government."

Kinkel's statement came a day after Bundesbank chief Hans Tietmeyer said a delay in the launch of the common currency, known as euro would be neither a political nor an economic disaster.

But Kinkel said a delay could spell euro's demise because it would render less credible any future attempts to institute a common currency.

"No one would buy the fact that we were really serious in a second go-around," Kinkel said.

He said doubts about the timely start of the currency union harmed the German economy and those in Germany looking for jobs.

"Especially our export economy, the catalyst for the beginning of economic recovery, needs security to plan and calculate," he said.

Kinkel said the future currency must be strong and that stability criteria had to be upheld following the euro's introduction.

**EU officials outline views on job summit**

BRUSSELS, Sept 6: European Union officials on Wednesday presented the outlines of a November 21-22 summit designed to reduce a relentlessly high unemployment rate that affects one out of every eight EU citizens, reports AP.

A spokesman for the EU Executive Commission said the summit would be a "free-ranging exchange" by the 15 EU leaders addressing the root causes of Western Europe's high jobless and point to possible solutions.

In the Commission's view, an attempt should be made to be as concrete as possible, EU spokesman Klaus van der Pas said at a press conference.

He said in discussions so far, EU commissioners warned a "skills gap" prevents Europe's long-term unemployed from finding work.

Officials said the special needs of women workers will be addressed at the summit as well as the need for a more labour-friendly tax climate.

Joblessness throughout the EU — now at nearly 13 per cent — is more than twice the rate of the United States or Japan. European top trading partners.

Van der Pas said EU countries which have succeeded in reducing their unemployment would be called upon to share the secrets of their success. He cited the Netherlands which has halved its unemployment rate in recent years.

Van der Pas said the 20-member EU executive cautioned, however, the November job summit was just the first step in tackling Europe's unemployment problem.

The Commission is to issue detailed proposals by October 1 on how EU governments should combat joblessness. The jobs summit will be held in Luxembourg, which currently holds the EU's rotating presidency.



Branch Managers' Conference '97 of Provati Insurance Co. Ltd. was held at a city hotel recently.

**Malaysia's trade deficit falls sharply in July**

KUALA LUMPUR, Sept 6: Malaysia recorded a trade deficit of 900 million ringgit (300 million dollars) in July, sharply lower than June's 2.8 billion ringgit, the statistics department said Friday, reports AFP.

Exports rose 3.7 per cent from last month to 17.150 billion ringgit while imports declined 6.9 per cent to 18.006 billion ringgit, the department said in its monthly report released through Bernama news agency.

Malaysia imported 800 million ringgit worth of high-cost items in July such as ships and aircraft, of which 100 million ringgit was re-exported. The department noted that July's trade deficit would only be 200 million ringgit without the high-cost items.

Analysts said the release of the long-awaited trade figure was in line with expectations and would further boost the stock market, which soared Friday following the lifting of trade curbs and a change in government policies.

The department said Malaysia's exports FOB (free on board) surged 7.9 per cent year-on-year, making it the strongest monthly export growth recorded since May 1996.

In contrast, imports CIF (cost, insurance and freight) dropped to 9.1 per cent in July from 23.7 per cent a month ago.

The country's trade balance for the seven months of the year ballooned to a deficit of 3.6 billion ringgit, up from 1.3 billion ringgit in the same period last year, the department said.

This was due to a higher

growth in imports during the period at 4.5 per cent to 119.1 billion ringgit, outstripping exports growth of 2.7 per cent to 115.5 billion ringgit.

The trade balance for January-July would have been a surplus of 400 million ringgit if imports of high-cost items were excluded from the calculations, it said.

Products such as electronic valves and tubes and photocells remained the country's leading export earner in the seven-month period, making up 57.6 billion ringgit or 49.8 per cent of total exports.

Malaysia's main trading partners were Singapore, the United States and Japan, which together contributed to more than half of the country's total trade during the period.

**Emirates signs \$117m deal for 7th Boeing 777**

Sheikh Ahmed bin Saeed Al Maktoum, Chairman of Emirates, recently signed a 117.3 million US dollars financing agreement for the seventh Boeing 777 aircraft to join the Emirates fleet. The aircraft will be delivered later this month, says a press release.

The financing is structured as a 10-year finance lease and is arranged by HSBC Investment Bank Asia Ltd with the UK's Export Credit Guarantee Department (ECGD) as the guarantor. The lending banks are The National Bank of Dubai, British Bank and Societe Generale.

**Slight recovery in London stocks**

LONDON, Sept 6: The London stock market was able to recover some ground this past week after interest rate pressures eased, both in Britain and other countries, reports AFP.

The Footsie-100 index of the top one hundred shares briefly broke above the psychological 5,002 barrier on Friday afternoon, before slipping back slightly.

The index closed on Friday up 176.7 points, or 3.66 per cent, at 4,994.2 points.

Fears of monetary tightening in Britain, but also in the United States and Germany, lessened this week.

The German Bundesbank maintained its two key interest rates and its repo rate.

And in Britain, the Confederation of British Industry (CBI), the country's main employers' organisation, published a reassuring monthly study on retail sales.

The growth in British household spending slowed down, easing inflationary fears and thus of any rise in interest rates.

After raising its key rate four times in four months, the Bank of England meets next on September 11, and will leave its rates unchanged, analysts believe.

Meanwhile, US jobless figures also reinforced the market's optimism, by reducing expectations of higher interest rates in the United States.

Unemployment levels rose and the pace of job creation was not as strong as expected.

This optimism was slightly countered by the turmoil on

Asian financial markets, which continues to have an impact on European bourses.

Stocks in London which are also quoted in Hong Kong suffered, such as banking group Standard Chartered, which ended the week at 808.5 pence, down from 826.5 pence.

British Airways also lost ground after unconfirmed reports that BA flight personnel may launch fresh strikes, and the European Commission's imposition of strict conditions for approval of the carrier's alliance with American airlines.

**Argentine bid to restructure debt**

BUENOS AIRES, Sept 6: The Argentine government on Tuesday announced a programme to retire existing debt and offer one billion dollar in 30-year global bonds, reports AP.

Under the programme, investors who as of September 8 hold so-called Brady Bonds and Consolidation Bonds (Bocons) may either swap them for the new paper or receive a cash payment from the government.

In addition, an unspecified portion of the global bonds will be offered to the public.

The operation will be organised by the JP Morgan Bank.

The government said that, with the bulk of its 1997 financing out of the way, it wants to concentrate on trimming away highest-cost debt, lowering overall debt levels, and extending the average maturity of its bonds.

**Manila's worsening traffic problem hurting labour productivity**

MANILA, Sept 6: Metropolitan Manila's worsening traffic problem in hurting labour productivity with workers and office employees wasting hours just to commute, a senator and Friday, says AP.

Sen Ernesto Herrera, secretary general of the Trade Union Congress of the Philippines, one of the country's largest labour federations, said an average of four to six hours are spent just in travelling to and from work.

Commuters also suffer the inconvenience of riding cramped buses and minibuses, Herrera said.

A businessmen's association recently reported that traffic is causing 15 billion pesos (476 million dollars) in economic losses annually, but Herrera said in a statement the amount could actually be much bigger.

"We can safely say that this year alone, the economy will probably lose more productive labour hours to the traffic problem compared to losses incurred due to all labour strikes over the last five years," Herrera said.

The Metro Manila Development Authority, which manages traffic in the capital area, has devised various programmes to ease traffic, but with little effect.

The government also is building a light rail line along one of Manila's busiest arteries to complement an overhead commuter train and will soon construct a third line.

Like Bangkok and other large cities in Southeast Asia, metropolitan Manila, with a population of about 9.1 million, is plagued by traffic congestion.

In 1996, there were about 1.19 million vehicles registered in Metro Manila, nearly half of the 2.9 million registered vehicles nationwide. The capital, however, accounts for only about 18 per cent of the nation's road network.

**IBM unveils Chinese speech recognition software**

BEIJING, Sept 6: IBM Corp on Thursday unveiled Chinese speech recognition software that it said will make it easier for Chinese to use computers by eliminating the time-consuming process of typing characters, says AP.

The ViaVoice Chinese system can input about 150 Chinese characters a minute and recognise 95 per cent of them, IBM executives said at a news conference. The system took 26 years to develop and has a vocabulary of 32,000 phrases.

IBM already sells voice-recognition software for English, French, German, Italian, Spanish and Japanese.

Chinese who use computers now are forced to type in English or use software that lets them spell out Chinese words in English letters and then laboriously pick from among a list of corresponding pictographs.

"One of the long-range problems in using computer technology in China is that Chinese are not accustomed to keyboards," said Henry Chow, chairman of IBM China Co. The new system "can remove one of the big impediments between computer and man."

IBM executives acknowledged the system has trouble with some words that aren't spoken in standard Mandarin. Some native Chinese speakers at the news conference complained the system didn't recognise half of what they said.

The system is to be sold in China as a package with personal computers retailing for about 2,000 dollars, but the company said it also is considering selling it separately.

**AmeriCares to ship \$20m in aid to DPRK**

NEW YORK, Sept 6: A US humanitarian organization said Thursday it will ship 20 million US dollar worth of medicine and medical supplies to North Korea beginning next week to aid the famine-plagued nation, says AP.

AmeriCares, based in New Canaan, Connecticut, said the Pyongyang government has agreed to let it monitor the supplies distribution and ensure it reaches only civilians.

The flight from New York next week will be the first US civilian flight to land in North Korea. Along with supplies, AmeriCares is sending three to five volunteer physicians and nurses.

North Korea has been plagued by famine for more than a year, due to drought, crop failures and fuel and farm equipment shortages. This year's drought laid waste to a third of the farmland.

AmeriCares will distribute 45 tons of medicine and equipment, including infant formula, antibiotics, aspirin, stethoscopes, vitamins, latex gloves and nutritional supplements through North Korean hospitals, orphanages and health clinics.

"People are dying and many more are going to die if the world doesn't come to the aid of North Korea," said Robert Macaulay, founder of the relief agency that has distributed more than 1.7 billion tons of supplies to nations in crisis since 1982.

**AmeriCares to ship \$20m in aid to DPRK**

NEW YORK, Sept 6: A US humanitarian organization said Thursday it will ship 20 million US dollar worth of medicine and medical supplies to North Korea beginning next week to aid the famine-plagued nation, says AP.

AmeriCares, based in New Canaan, Connecticut, said the Pyongyang government has agreed to let it monitor the supplies distribution and ensure it reaches only civilians.

The flight from New York next week will be the first US civilian flight to land in North Korea. Along with supplies, AmeriCares is sending three to five volunteer physicians and nurses.

North Korea has been plagued by famine for more than a year, due to drought, crop failures and fuel and farm equipment shortages. This year's drought laid waste to a third of the farmland.

AmeriCares will distribute 45 tons of medicine and equipment, including infant formula, antibiotics, aspirin, stethoscopes, vitamins, latex gloves and nutritional supplements through North Korean hospitals, orphanages and health clinics.

"People are dying and many more are going to die if the world doesn't come to the aid of North Korea," said Robert Macaulay, founder of the relief agency that has distributed more than 1.7 billion tons of supplies to nations in crisis since 1982.