

# Asian crisis plunges fastest growing economies into recession

**UNITED NATIONS, July 17:** The Asian financial crisis plunged several of the world's fastest-growing economies into a severe recession, slowed world growth and highlighted dangerous weaknesses in international financial markets, an annual UN survey said on Thursday, reports AP.

World growth is estimated to fall to 2.5 per cent this year, after two straight years of better, after three per cent growth, according to the 1998 World Economic and Social Survey.

Developing countries have been hardest hit, with growth not expected to exceed three per cent after an average of five per cent or better growth in five of the last six years.

Industrialized economies are projected to grow by an average 2.25 per cent, down from a decade-high 2.7 per cent last year. The so-called transition economies of Eastern Europe are expected to grow by three per cent after 2.7 per cent growth last year, the survey said.

The survey found weak-

nesses in official oversight of three nations at the epicenter of the Asian crisis — Thailand, South Korea and Indonesia — as well as the rescue programme developed for the countries by the International Monetary Fund.

The Asian crisis also led the survey's authors to questions the widely held belief that fully liberalised markets are best. "What is needed at this time... is not more decontrol and deregulation but more effective official oversight and market-based controls of financial markets," the survey said.

According to the study, Japan's economy — the world's second-largest which grew at 9 per cent in 1997 — "will in essence stagnate for yet another year in what has been a very disappointing decade."

In East Asia, fallout from the crisis which began in the region last year is expected to depress growth to about one per cent, down from about 5.5 per cent in 1997.

"In a sense, even this outlook is optimistic," the survey said, because it assumes continued stabilization, an unchanged exchange rate in China and that the Japanese economy won't fall into a deeper recession.

Economic activity in Indonesia, South Korea and Thailand is expected to contract in 1998 by one to four per cent. A range of 3.5 per cent to six per cent is predicted for Hong Kong, Singapore and Taiwan.

Growth in China, which was about nine per cent in 1997, is expected to reach about eight per cent but the survey noted uncertainty about that estimate.

Strong growth continues in North America, allowing for more employment, but the survey cautioned about possible corrections in the stock and bond markets. US growth, almost four per cent last year, is projected to be 2.7 per cent next year, though the fallout of the Asian crisis could hurt US exports.

In Europe, Britain and Northern Ireland's economies are expected to slow to about 2.3 per cent from about three per cent last year. Exports helped growth in both France and Germany, where currency depreciations of about 15 per cent boosted exports.

Among eastern Europe's transition economies, Poland has been the most dynamic since 1994, with average annual growth of about six per cent. That is expected to continue.

Russia showed its first signs of improvement in 1997 — 4 per cent growth. But because of recent turmoil in Russian markets, a one per cent growth estimate could be overestimated, the survey said.

Argentina, Chile, the Dominican Republic, Mexico and Peru led the region with average rates of growth of between 7 and 8.4 per cent.

GDP in Haiti, the hemisphere's poorest country, stagnated and Jamaica was the only regional economy that recorded a decline in output.

## Executives predict Asian economies to take 3 more yrs to recover

**SINGAPORE, July 17:** Executives across Asia are predicting that economies in the region will need three years to recover from the current crisis, a study released Friday said, reports AP.

The survey by the global executive search firm Spencer Stuart disclosed growing pessimism across the continent on the time required to ride out the crisis.

"In November last year, research pegged the perception of time to recovery at about one year plus," said Martin Tang, managing director for Southeast Asia of Spencer Stuart.

By January, a majority of respondents said two years or more. And the results of our poll conducted in mid-May show that Asian executives are even more cautious and pessimistic, expecting the time to recovery to be more like three years," Tang said.

According to the survey, the countries hardest hit by the crisis are in northern and Southeast Asia. Taiwan and China were the most optimistic, while South Korea seemed to be the hardest hit in all sectors.

## Oil prices fall in London

**LONDON, July 17:** Oil prices slithered lower yesterday as producers struggled vainly to convince markets that they mean business on output cuts, reports Reuters.

At 14:11 GMT international market Brent has slipped another 15 cents to 12.78 dollars a barrel.

Prices remain six-and-a-half dollars below last year's average price — and more than a dollar lower since OPEC's late June deal doubling its output cuts this year to 2.6 million barrels per day (bpd).

Producers are having to work hard to win over sceptical markets used to oil output agreements being flouted.

Non-OPEC Mexico, which has added 200,000 bpd to this year's producer cuts announced that it had trimmed August crude export orders to 1.64 million bpd, in line with agreed reductions.

Mexico has been forced to scythe its budget three times so far this year.

Libya also sought to reassure markets that it was falling into line by announcing it had cut three cargoes from its July crude export programme.

And Iran stepped up efforts to rebut allegations, chiefly from OPEC fellow Venezuela, that it was going back on cut-back promises.

"Iran has never violated its quota," Oil Minister Bijan Namdar Zanganeh told the Daily Farda newspaper.

"The recent claims are baseless."

But Zanganeh added Iran planned to increase its oil production in the long term. "We do not accept the market share policy, and think that oil prices are very low and unfair," he said.

Producers got some good news from recent US stock data showing that crude inventories in the world's largest consumer had plunged by more than 6 million barrels.

The elephantine global stock surplus built up in the first half of this year has so far been squashing any price upturn.

But the decline in crude stocks was offset by a rise in stored product volumes as US gasoline demand, which guzzles a tenth of all world oil supply, falls below this summer's most bullish expectations.

## Indonesia will respect OPEC production cut

**JAKARTA, July 17:** Indonesia will respect its pledge to the Organization of Petroleum Exporting Countries to cut oil production to 1.28 million barrels a day, Mines and Energy Minister Kuntoro Mangkusubroto said Friday, reports AP.

Indonesia's revised budget for the 1998-99 fiscal year, which was released Thursday, is based on a daily crude output of 1.52 million barrels.

Kuntoro told reporters that was because the budget was drawn up prior to a June OPEC meeting at which further production cuts were agreed.

"We will comply," Kuntoro said of the agreed OPEC cut.

Indonesia promised at an OPEC meeting on June 24 to cut its daily production to 1.28 million barrels per day effective July 1.

According to the International Energy Agency, Indonesia's output in June was 1.33 million barrels per day.

At its June meeting, OPEC countries pledged to remove a total of 2.6 million barrels per day of production from the market to support weak oil prices. Non-OPEC countries, including Mexico and Russia, pledged another 500,000 barrels per day in cuts.

## ASEAN may ask Japan to help heal ailing region

**MANILA, July 17:** Southeast Asian nations, anxious about the fragile yen are likely to urge Japan to take immediate steps to stabilise the Asian economic situation when they meet in Manila next week, a Philippine official said yesterday, reports Reuters.

An official of the Philippine foreign office said he expected the Association of South East Asian Nations (ASEAN) to voice the group's concern about the impact of the weakened yen on their economies at the ASEAN Foreign Minister's meeting on July 24-25.

"The weak yen is affecting efforts by ASEAN countries to revive their economies," said the official, who asked not to be identified.

ASEAN nations believed Japan "should take immediate measures" to help stabilise the region, he said.

Philippine Foreign Secretary Domingo Siazon has said, the currency crisis sweeping Asia will be one of the topics that will dominate the ASEAN conference.

The meeting will be followed by a conference of the ASEAN regional forum on July 27 touching on security issues and by meetings on July 28-29 between the ASEAN group and their allies, including the United States, Japan and China.

ASEAN comprises the Philippines, Malaysia, Indonesia, Singapore, Thailand, Brunei, Vietnam, Laos and Myanmar.

## US rating agency downgrades China

**NEW YORK, July 17:** The US agency Standard and Poor's yesterday reduced its outlook on China's long-term foreign currency sovereign credit rating from stable to negative, says AFP.

The agency said the change in assessment reflected the potential for rising budget costs of industrial and financial sector reform programmes because of lower growth prospects by 2000.

It also warned that deteriorating economic conditions elsewhere in Asia and declining domestic demand could exacerbate the problem of unemployment, caused by the restructuring of state enterprises.

**Saudi stocks rise**

**RIYADH, July 17:** Saudi stocks have risen for the first time in five weeks, as investors' confidence was boosted by strong half-year results and a recovery in oil prices, a specialist financial institution reported yesterday, says AFP.

Bakhteh Financial Advisors (BFA) said the NCFEI all share index closed at 173.90 points, a gain of 1.4 per cent on the week from last Thursday's close of 171.53 points.

Trading value during the week reached 714 million riyals (190 million dollars), up 17.4 per cent.

Oil prices rose this week on news of unrest in Nigeria, Africa's largest producer of crude oil, and suggestions that Saudi Arabia would be willing to reduce its crude oil exports by eight to nine per cent by August.

Despite this week's gains on the Saudi stock market, the largest in the Arab world, the index has fallen about 11 per cent since the start of the year.

Last year the index grew by 28 per cent.

## HK airport cargo problems may cost \$ .6 b

**HONG KONG, July 17:** Hong Kong airport's cargo problems could cost the territory 4.6 billion Hong Kong dollars (0.6 billion US dollars), the government said yesterday, reports AFP.

Problems at the 20 billion dollars new airport have forced the main cargo operator to shift its main base back to the old Kai Tak Airport and suspend import-export operations.

Several cargo flights have been re-routed to nearby Macau or Shenzhen Airport in South China.

As HACTL (Hong Kong Air Cargo Terminals Ltd.) handles 80 per cent of Hong Kong's air cargo, amounting to an average of around 40 billion (Hong Kong) dollars per month during the first five months of this year, such a severe disruption in its services is bound to hit Hong Kong's external trade considerably, a government spokesman said.

HACTL has said it would not be able to resume full operations until the end of August.

However, it is reckoned that only some but not all of the airborne trade thereby affected is going to be lost, rather more likely is delayed delivery leading to financial penalties or reduced value of the goods involved.

The cargo problems "could result in a loss in income of around 4.6 billion dollars, equivalent to 0.35 per cent of GDP for the Hong Kong economy," he said.

Meanwhile, another AP adds: Five years after a bitter trade dispute ended with Japan reluctantly bowing to American demands to open its rice market, Japanese farmers plan to start export to a promising new market — the United States.

"Rice consumption in Japan has peaked so we're interested in finding new outlets to expand sales," Daisuke Shindo of Japan's Central Union of Agricultural Cooperatives, told The Associated Press Friday.

The cooperative, once a staunch opponent of freer rice trade, formally approved a plan Thursday to market one-pound (453 gram) bags of its rice through San Francisco-based retailer Williams-Sonoma.

The premium grade rice, grown in Japan's Nigata prefecture, or slate, will be sold in the US from next month for \$6.75 a bag — roughly seven times higher than the cost of US domestic rice.

It will be marketed under the brand name "Kumai Harvest," with Kumai meaning a rice of "feeling to the gods. The cultivation of the grain has long had mystic overtones in Japan, where it has traditionally been considered a religious act.

Still, consumption of rice has slumped dramatically since the 1960s as wheat-based products such as bread and noodles have become more popular.

Japan officially announced a partial opening of its rice market in 1993 under a plan committing it to gradually increase imports.

## WTO seeks more open image

**GENEVA, July 17:** The World Trade Organisation (WTO) yesterday debated ways of developing a policy of greater transparency in its decision-making process in order to counter critics who say it acts like a trade dictator, reports AFP.

Addressing the WTO general council on the need for a more open image, director-general Renato Ruggiero said: "There is a strong need to improve the exchange of information about the nature and goals of our institution."

The council meeting Wednesday and Thursday, also heard proposals by the United States, particularly at pains to make the organisation appear more positive to the man in the street.

"This is not a secretive organization as it is sometimes claimed," Ruggiero told the council.

He said greater effort should be made to make people understand the organization was not a dictator of world trade, but only a referee whose task was to enforce respect for rules established jointly by member-states.

Ruggiero also complained that findings by arbitration panels on trade litigation were frequently disclosed by countries involved in a "partisan and inaccurate way."

According to WTO rules, the findings have to be first presented provisionally and in confidence only to the countries involved in litigation, with the final public report distributed to other members sometimes weeks or even months later.

**Sumitomo Credit Service Ltd** employee Kazuo Nemoto uses a viewer to indicate the monetary value remaining in an electronic money named Shibuya Smartcard Society as Japan's major commercial banks and credit card companies launch an experiment of "e-money" in Tokyo's Shibuya shopping district Thursday. The plastic card, with a built-in IC, will function like a pre-paid card and can be loaded with a monetary value at terminals. Electronic readers debit costs from the card when consumers present the card at shops, hotels, movie theatres and restaurants.

— AP/UNB photo



Picture shows one of the recently-ordered 14 A300B4 freighters, seven each, by DHL. Airways in the US and DHL International in Europe. In Europe, the express operator now uses A300 freighters from Channel Express, Hunting Cargo and Farnair.

## Most Asian stock markets higher

**HONG KONG, July 17:** Most Asian stock markets ended the week higher Friday, with the key index in Bangkok surging 4.7 per cent on the back of a record rally overnight on Wall Street, reports AP.

Bucking the trend was the Tokyo Stock Exchange, where share prices fell after four straight days of advances.

Thai shares rose sharply because the rally on Wall Street triggered buying by foreign investors, dealers said. The Dow Jones Industrial Average on Thursday rose 93.72 points to 9,328.19, closing above 9,300 for the first time.

The Stock Exchange of Thailand index surged 13.27 points to close at 295.28.

Malaysian share prices also closed sharply higher on an influx of overseas orders.

Dealers said foreign investors were buying blue-chip stocks as the region's currencies stabilize amid hopes for more decisive political leadership in Japan.

The Kuala Lumpur Stock Exchange's Benchmark Composite Index rose 15.32 points, or 3.6 per cent, to 445.31.

On the Tokyo Stock Exchange, the 225-issue Nikkei Stock Average fell 161.14 points, or 0.97 per cent, to close at 16,570.78. On Thursday, the Nikkei Average had risen 117.78 points, or 0.71 per cent.

Share prices fell as investors moved to lock in recent gains ahead of a three-day holiday weekend, traders said.

The Nikkei index had rallied 641.86 points, or 4.0 per cent, over the past four trading sessions.

In currency trading, the US dollar was quoted at 138.95 yen in late afternoon trading, down 0.77 yen from late Thursday in Tokyo and also below its rate of 139.94 overnight in New York.

The yen received a boost following former Chief Cabinet Secretary Seiuro Kajiyama's decision early Friday to throw his hat in the ring as a contender to succeed Prime Minister Ryutaro Hashimoto.

Hashimoto announced his resignation on Monday after his party suffered a humiliating defeat in elections for the upper house of Parliament.

The market was closed in South Korea for a holiday.

**Elsewhere:**

**JAKARTA:** Share prices closed sharply higher, boosted by the International Monetary Fund's approval of a US 1.3 billion dollar loan to Indonesia. The Composite Index rose 12.46 points, or 2.6 per cent, to 486.23.

**SINGAPORE:** Shares closed higher. The Straits Times Industrial Index surged 2 per cent, or 21.13 points, to close at 1,095.10.

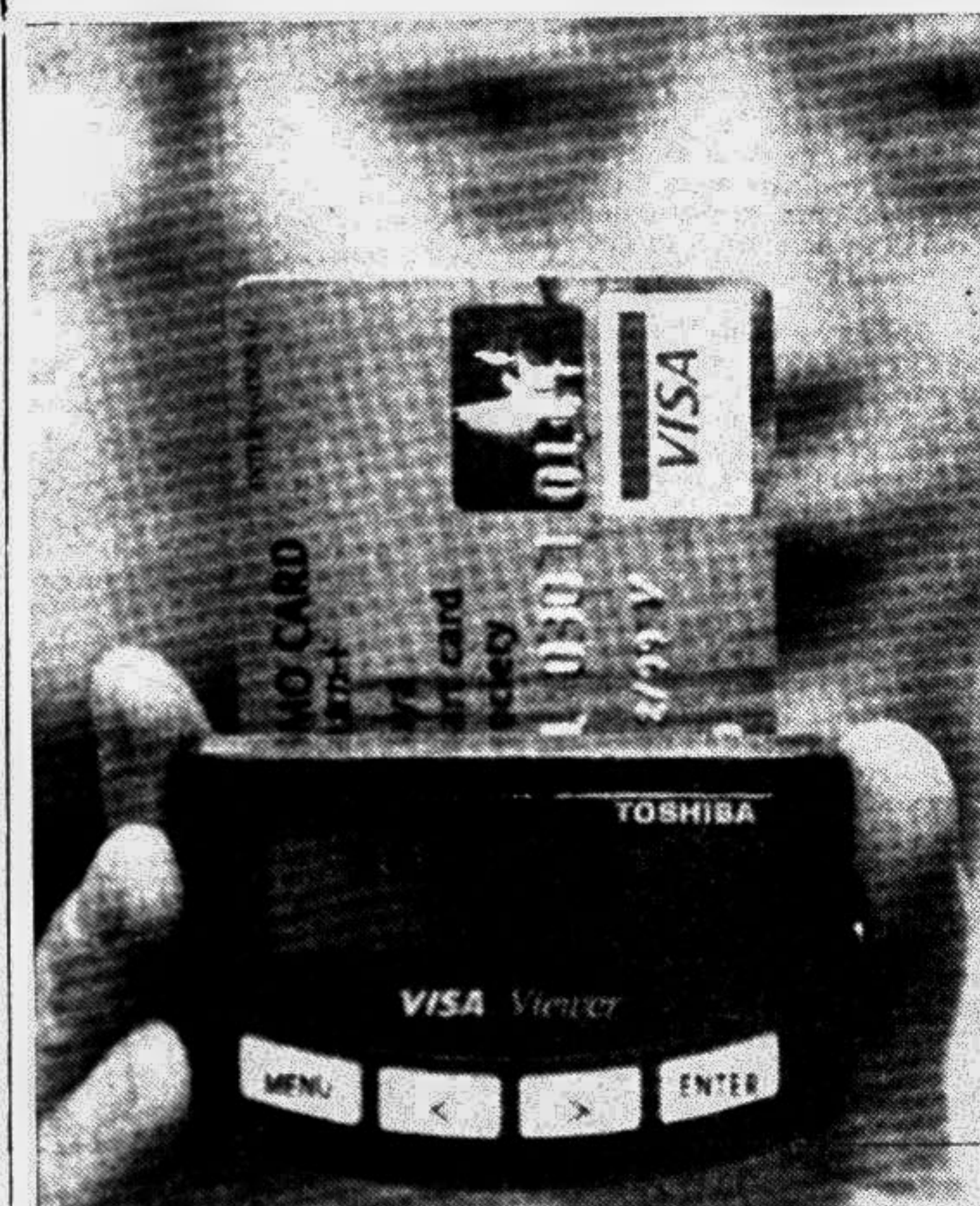
**TAIPEI:** Share prices closed sharply higher in reaction to an overnight record rally on Wall Street. The market's key Weighted Stock Price Index rose 108.02 points, or 1.36 per cent, to 8,032.86.

**WELLINGTON:** New Zealand share prices closed higher, boosted by declining short-term interest rates and record setting rallies on Wall Street. The NZSE-40 Capital Index rose 40.63, or 1.9 per cent, to 2,172.35, its highest close since June 2.

**HONG KONG:** Share prices closed generally higher, with the key index rising for the fourth consecutive session. The Hang Seng Index rose 42.36 points to 8,628.93.

**MANILA:** Philippine shares closed mixed. The Philippine Stock Exchange Index of 30 selected issues fell 9.74 points, or 0.5 per cent, to 1,877.26.

**SYDNEY:** The Australian share market closed marginally higher, supported by banking stocks and selected industrial blue chips. The All Ordinaries Index rose 4.1 points, or 0.1 per cent, to 2,814.7.



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## Stocks rally to record level in New York

**NEW YORK, July 17:** Stocks rallied to record levels Thursday, with a fresh batch of stronger-than-expected corporate profits and a surge in technology shares pulling Wall Street from its early morning lows, reports AP.

According to preliminary calculations, the Dow Jones industrial average was up 94.74 points at 9,329.22, closing above 9,300 for the first time and topping the previous record set on Tuesday.

Broader indicators also were higher, including the technology-heavy Nasdaq composite index which rallied to its seventh straight record and flirted with a close above 2,000.

The Standard and Poor's 500 index and the NYSE composite index were also at record highs.

Stocks began the day lower, weakened by a bout of profit-taking from investors looking to cash in on Wall Street's recent record gains. With Thursday's gains, the Dow is up more than 17 per cent this year, while the Nasdaq has gained more than 27 per cent.

But the weakness on Wall Street disappeared by midafternoon, amid more positive corporate earnings and a rally in technology stocks.

While many investors believed that Asia's financial crisis would hurt earnings in the second quarter, there have been a number of earnings reports this week that have beat expectations.

Among the biggest surprises was Apple Computer, which reported its third straight money-making quarter. Apple earned 65 cents a diluted share, in the April quarter, far outstripping analysts' expectations of 33-cents-per share.

Apple stock was up 3 1/16 at 37 1/2 in Nasdaq trading.

Other companies reporting earnings Thursday that topped expectations included Tellabs, Bowater, Hasbro and Ameritech.

Stemming some of Thursday's climb was a slump in transportation stocks. Hardest hit was AMR, the parent of American Airlines, which fell amid concerns that the airline industry's recent strength may soon peak. Also lower was UAL, which owns United Airlines, and Delta Air Lines.

## Information Technology TIPS

- Keyboards**
  - Keyboard Booster**  
Perk up your keyboard's responsiveness when running multiple applications by editing the [386Enh] section of your SYSTEM.INI file. Look for a line that says KeyBoostTimes and change the setting to .005 (the default is 0.01). If this line does not exist, add it. This setting controls the amount of time allocated to an application when it receives a keystroke. The higher the number, the higher the priority given to the keystrokes going into your current application.
  - Type Another Tongue**  
If you often habla Espanol or parle Francais, use Control Panel to set up your keyboard to work with other languages. In Win95, click on Keyboard, then Language/Add Language. In Win 3.x, click on International. You may have to use the setup diskette to load the new DLL if you haven't done it in the past. If a driver is already present, indicate whether you want to use the resident file or load a new one.
  - Chairman of the Keyboard**  
Adjust the height of your chair to correspond with the height of your keyboard. You should be able to hold your wrists parallel with the keyboard at seated elbow height. Your arms should come down straight from your shoulders with your fingers on the "home" row of keys and your forearms parallel to the floor.
  - Watch Your Wrists**  
Keep your wrists neutral, at the same level as your forearms, without bending them in any way while typing. Keep their keyboard position as close as possible to the way you keep them when your arms rest comfortably at your sides. Minimizing wrist movement reduces stress to the nerves, blood vessels and tendons, thus lowering your chances of getting carpal tunnel syndrome. Only use wrist rests for support between typing and only if you find them comfortable. They can cause you to bend your wrists if used while typing.
  - Hold Your Head High**  
To reduce neck strain while improving the flow of blood to the upper body, always keep your head above your shoulders. Use a chair that supports the natural curve of your lower back, while keeping your back upright against the chair to support your upper body's weight. If necessary, use a pillow or a rolled towel for extra back support.
  - Get in Position**  
To avoid repetitive motion disorders, position your keyboard so that it is at wrist level, about 26.5 inches high (rather than at the 29-inch desktop height). Often you can add a keyboard shelf to your desk to hold the keyboard at this height.
  - The Right Touch**  
Don't use too much force when you're typing, and use a keyboard that can be operated with a light touch. You should maintain moderate to light pressure on the keys, as the stress caused by placing too much pressure plays an important part in cumulative trauma disorders. Keys should be spaced comfortably and slightly concave to keep fingers from slipping.
  - Mousy Keys**  
Win95 comes with a few options designed to make it more accessible to physically limited users. One of these options is MouseKeys, which lets you move your mouse pointer with the numeric keypad on your keyboard. This is useful if you're recovering from a repetitive strain injury caused by overly vigorous use of your mouse, or you want to use a notebook without a mouse. Turn on MouseKeys by double-clicking on the Accessibility Options icon in the Control Panel; then click on the Mouse tab and select Use MouseKeys.
  - Behavior Modification**  
Edit your WIN.INI file to specify how your keyboard acts. The KeyboardDelay= line specifies the length of time you have to press a key before the character is repeated. The default is 2 (milliseconds). Reducing this value makes creating repeat characters easier; increasing it makes it harder. Editing the KeyboardSpeed= line lets you determine how fast the characters repeat after the initial repeat. The default, 31, is as high as you can go. You can slow the repetition speed by reducing the number. You may also change these parameters through the Keyboard section of the Control Panel.
  - Let Your Fingers Do the Surfing**  
Most people mouse their way through the Web, but keyboard surfing is faster. In Navigator 3.0 or Internet Explorer 3.0, the Tab key takes you from link to link (even within image maps); pressing Enter is like clicking on the link. Ctrl+D puts the current page in Bookmarks or Favorites.
  - Mouse**
    - Two Mice Are Better than One**  
Whether you share your PC with a left-handed user or just get tired of using the same old mouse all the time, you can double dip on your input device choices. Attaching one device to your serial port and one to your PS/2 port lets you switch between trackball and mouse or left- and right-handed devices without unplugging and replugging. Note that both devices need to support the same drivers (for example, Microsoft Mouse), or you'll have to switch drivers. To change drivers, go to Control Panel/Mouse and exchange the driver by clicking on the Change button under the General tab.
    - Take a Stroll with AutoScroll**  
The newest Windows 95 applications from Microsoft, including Office 97 and Internet Explorer 3.0, support auto-scrolling. In these apps, if you click the middle button of any three-button mouse, you can scroll through your document just as if you had hit the Down arrow on the right side of the screen. In the future, some non-Microsoft programs will also support this feature.
    - Pick a Port**  
Although you can connect your serial port to either COM1 or COM2, Microsoft suggests that you pick COM1 whenever possible. Windows locates and services the mouse more quickly on this port, although either will work.
    - Conspicuous Cursor**  
Use the options in the Control Panel/Mouse menu wisely, and you'll always be able to spot your cursor easily. The newest Microsoft Mouse software, IntelliPoint 2.0, provides a number of options to improve the visibility of your cursor. Engage the Mouse Trails option so that your cursor looks like several arrows in a row when you drag it across the screen. The Sonar feature shows the location of your cursor by enclosing it in a circle when you press the Ctrl key.
    - Rest Your Wrists**  
Add a wrist rest to your mouse pad to help avoid carpal tunnel syndrome. Choose a pad that is separate from the mouse pad so you can adjust the pad and the rest independently for the best fit. Never choose a wrist rest with a prominent front edge, since that can compress sensitive nerves.
    - Cleanliness Is Next to Godliness**  
Do your mouse a favor and clean it regularly. Whenever moving the mouse seems slow or rough, it's time for a brush-up. Turn off your PC, unplug the input device from the system and remove the ball (you can do this by turning the cover over the ball counter-clockwise). Clean the ball itself with a mild detergent and wipe it dry with a lint-free cloth. Clean dust and lint from the ball cage using a cotton swab. For hard-to-free grime, use a small amount of rubbing alcohol on a cotton swab. Then you're ready to reassemble and get back to mousing.
    - By Khalid Noman/Mascom**  
*(Want to make your life easier with your computer? Or exploit its almost unlimited potentials? Or plan to buy a new one or upgrade the one that you have? There are so many things that you may not know but need to know. Here's your Daily Star free guide to know it all. Send inquiries to Khusainy@hotmail.com)*