European ministers downplay threat from World turmoil

VIENNA, Sept 26: European finance ministers downplayed fears that the spreading global economic turmoil threatens to derail growth within the region as it prepares to launch its single currency next year, reports

"Europe has become an anchor of financial stability" Austrian Finance Minister Rudolf Edlinger said Friday as a two-day meeting of finance ministers and central bank governors from European Union nations got under way. "We expect dynamic economic growth in 1999."

Edlinger's optimism was echoed by other officials at the meeting despite signs that the worldwide financial turbulence is beginning to take some of the shine off Europe's economic re-

Italy forecast its economy will grow just 1.8 per cent this year instead of the 2.5 per cent forecast last spring. Chancellor Helmut Kohl on Thursday revised Germany's growth projection to "around 2.5 per cent" compared to an earlier forecast of three per cent.

However, EU officials said confidence in the strength of the coming European currency. the Euro, and sound policies producing low inflation and falling budget deficits would shield Europe from the worst of the global crisis.

"It wouldn't be right to be overly pessimistic in light of the global environment and to assume that we will see a global recession," German central bank president Hans Tietmeyer said before the meeting.

The talks Saturday, to be held amid the Rococo splendor of the Hofburg Imperial Palace, were expected to focus on the Russian crisis. The officials will be joined by Michel Camdessus, managing director of the International Monetary Fund, which is holding back payment of the next installments of a 22.6 billion dollar loan package until it is satisfied Russia has sound economic policies.

There was little sign the EU was willing to push for more money for Moscow.

"The EU can do everything in its power to stop Russia feeling isolated," said German Economics Minister Guenther Rexrodt. "What we cannot do is give fresh cash."

Less than 100 days away from the launch of the Euro on January 1 as the shared currency of 11 EU nations, the ministers appeared to make little progress on the final preparations.

Dollar rebounds in New York

NEW YORK, Sept 26: The dollar rebounded Friday against other major currencies, following Wall Street higher with the easing of investors' jitters about the near-collapse of a prominent hedge fund, reports AP.

In late New York trading, the dollar strengthened to 1.6782 German marks, up from 1.6760 late Thursday. It was changing hands at 136.25 yen, above Thursday's 135.10.

Traders said the dollar opened lower against the yen and the mark, extending its weakness from Thursday, when markets were shaken by the financial problems of Long-Term Capital Management, a hedge fund that manages investments for wealthy clients seeking skyhigh returns.

Late Wednesday, the Federal Reserve Bank of New York orchestrated a \$ 3.5 billion bailout of Long-Term Capital Management amid worries the fund would collapse and jeopardize the nation's financial system.

The fund had invested more

than \$ 90 billion in complex bets on financial markets around the world. News of the rescue has generated fears that more losses are possible at other US financial institutions. But traders said the dollar bounced back later Friday,

helped by a pickup on Wall Street and the lack of worrisome fallout from the Long-Term Capital Management deal or other financial institutions. The Dow Jones industrial average rose 26 points to 8,028.

There was no news out today to push the dollar lower," said Chester Ruben, chief foreign exchange dealer at Banc One International in Dallas.

Sheldon Engler, senior currency strategist at Bank of America in San Francisco. predicted the dollar would remain strong against the yen because of Japan's banking crisis. The government and the largest opposition party are locked in a battle over how to deal with a banking industry awash in

The dollar was up slightly against the mark as traders awaited the outcome of Sunday's voting in Germany. Chancellor Helmut Kohl is pitted against challenger Gerhard Schroeder in one of the tightest election races in postwar Ger-

In Europe, the dollar slipped in intraday trading to a 19month low of 1.6611 marks, but recovered some later in the day. Other late dollar rates in

New York, compared with late Thursday: 1.3875 Swiss francs. down from 1.3880; 5.6284 French francs, up from 5.6205; 1,660.65 Italian lire, up from 1,656.70; and 1.5138 Canadian

dollars, up from 1.5130. The British pound was quoted at 1 6981, compared with \$1.6958.

Disclosure is a mind-set issue for banks, says Governor

Star Business Report

The Governor of Bangladesh Bank yesterday said that the adoption of international accounting standards, designed to improve financial reports and disclosures, was often hindered due to banks' tendency to maintain secrecy.

"Traditionally, banks tend to maintain secrecy and remain conservative in the accounting policies they adopt," Governor Lutfor Rahman Sarkar said. "The practice, therefore, has been to disclose as little information as possible in the belief that this would be the best way to preserve confidence.

This policy received official support and most countries allowed banks to refrain from disclosing sensitive information. And the disclosure of such information is believed to affect the banks' ability to continue attracting deposits, he said.

Lutfor Rahman was speaking as the guest of honour at the inauguration of a workshop on International Accounting Standard (IAS 30). The workshop has been organised by

Credit Rating Information and Services Limited (SCRIL) at a city hotel.

The governor said the attitudes had begun to change gradually for the last two decades. "Although opinion varies about the extent of disclosures, there is no doubt that the bank account statements should disclose as much information as possible in order to build public confidence and ensure transparency regarding the banking operation.

Sarkar said that banks in Bangladesh had started working to upgrade the accounting standards. "And once our accounting basis is brought to a modern, scientific footing in accordance with the international standard, we will, in future, witness a much more transparent banking in Bangladesh."

The Securities and Exchange Commission Chairman (SEC) MA Syed urged the Institute of Chartered Accountants of Bangladesh (ICAB) to continue

its effort for swift implementation of all the international accounting standards.

He said that adoption of international accounting standards were necessary for instilling confidence in investors. "Foreign investors will feel confident with the fact that their investment are being monitored in line with international standard."

Syed said implementation of IAS 30 was essential to ensure greater transparency, facilitate investors' decision, protect investors' interest and increase image of our accounting profes-

He said the SEC also plans to

address the issue of multinational, cross border securities offerings and harmonising accounting standards. "We are currently working on it as per the principles of disclosure of the International Organisation of Securities Commission (IOSCO). Without proper implementation of accounting standard it will not be possible

to achieve the goal"

Jamal Uddin Ahmad, chairman of CRISL, said the mightiest economies of the world has undergone tremendous changes.

"Indiscipline in the banks and financial institutions has brought economies of even super powers down," he said.

Muzaffar Ahmed, CEO of CRISL, said that Bangladesh has been rated C by a US-based rating agency, Thomson Bank Watch. "The unsolicited rating C published in international magazines definitely tarnishes the image of Bangladesh among the international investment community."

*But, as I understand, if we ask DCR, one of the three largest rating companies, to rate our country, the rating would not be less than that of India which has got BB+."

He said with improved rating the corporate image of the country would certainly be brightened and that would help lure more foreign investment.

'G-77 confronting many challenges'

Dhaka calls for jt efforts to solve problems

Foreign Minister Abdus Samad Azad stressed the need for collaboration efforts to solve the problems facing the Group of 77, reports UNB.

"The Group of 77 is confronting many challenges with the growing complexity of the global economy and social order," he said.

The Foreign Minister was addressing the 22nd annual meeting of G-77 Foreign Ministers at the United Nations in New York on Friday, according to a message received here yesterday (Saturday).

He laid emphasis on the need for louder voice of the G-77 in global fora and in the decision making process that influences the fate of the developing coun-

The Bangladesh minister also highlighted the plight of the LDCs as a result of financial turmoil that is ailing many parts of the world and urged for concerted efforts to help the most vulnerable economies.

He said the threat to the vulnerable economies is further magnified in the current context of declining external assistance and continued crippling

debt burden. Apart from this, the on-going effort for the eradication of poverty would be extremely damaging, Samad added.

Outlying the way to overcome the situation, the Bangladesh minister said, the G-77 would have to secure meaningful international cooperation in its effort to achieve development.

"In addition, they would need to be more persuasive in increasing the flow of aid, foreign investment, as well as, they need to secure preferential trade support with concomitant assistance aimed at their capacity building," he mentioned.

The Foreign Minister also proposed the South-South cooperation to make international economic co-operation more dynamic and stressed the need for strengthening interregional, sub-regional and regional co-operation in the field of trade, investment, financial and technical co-operation.

The meeting welcomed the

offer of Cuba to host the South Summit in 2000 in Ha. ana.

The meeting also elected Turkmenistan as the 133rd member of the Group and gave the chairmanship of the Group for the year 1999 to Guyana. Formal handing over ceremony will be held early next year.

Suharto's cousin strikes deal on bank debt

JAKARTA, Sept 26: Indonesian banking authorities have reached a deal with former President Suharto's cousin. Sudwikatmono, for him to repay 1.9 trillion rupiah (\$172 million) his PT Bank Surya owes the government, an official involved in the negotiations told Dow Newswires, reports AP.

Sudwikatmono will make most of the repayment of the emergency and lending funds in cash, with the rest in assets, the official said.

Move quickly to decide on strategy, IMF urges Moscow Situation in Russia critical

MOSCOW, Sept 26: The IMF said vesterday the situation in Russia is critical and it called on the government to move quickly to decide on a strategy

to pull its crippled economy out of collapse, says AFP. In a statement, released after a senior IMF delegation quit Moscow without reaching agreement with the Russian government on disbursing a 4.3 billion dollar loan tranche, the IMF said there had been a frank exchange of views on Russia's acute economic crisis.

"In the view of the mission, the economic situation in Russia is critical and must be resolutely addressed," said the statement released by the Moscow office of the International Monetary Fund.

"The government will need to consider urgently the narrow range of alternatives still available and quickly decide on its economic strategy.

with the Russian authorities on measures to resolve their serious economic difficulties and to provide support in line with the sustained implementation of appropriate policies," the statement added.

"IMF management would

consider the appropriate size and timing of further disbursements once such a comprehensive programme had been agreed." The communique concluded, adding that it expected fund officials to return to Moscow in October to continue discussions.

cials had been in Moscow all week discussing the Russian crisis with a raft of senior figures, including Prime Minister Yevgeny Primakov, First Deputy Prime Minister Yury Maslyukov and central bank chief Viktor Gerashchenko

Despite failing to reach agreement on the loan disbursement and a programme of future cooperation, the fund statement said the IMF mission, working closely with World Bank officials, had made good progress, in clarifying issues and policy choices in a

These included cooperation between Russia and investors burnt when the government froze its 250 billion rouble (16 billion dollar) domestic debt market last month, and an overhaul of the banking sector crippled by the debt move.

Japan vows to help Asian nations overcome crisis formance since the end of World Tokyo's emergency assis-

NEW YORK, Sept 26: Japanese foreign minister Masahiko Komura said yesterday Japan's financial commitment to overcome the Asian financial crisis is intact despite its economic downturn at home, reports AFP.

Komura met his counterparts from the Association of Southeast Asian Nations (ASEAN) on the sidelines of the UN General Assembly, a Japanese government official

During the meeting with Komura, ASEAN foreign ministers requested Japan's continued assistance to the region, the official said.

"Japan's role is important over the Asian crisis," Singapore Foreign Minister S Jayakumar told his Japanese counterpart.

Komura replied "Japan's contribution to the region is the largest in the world. We will continue our support in the futance to ailing Asian countries has topped 54 billion dollars since the crisis struck in the region last year. All ASEAN members sent

foreign ministers to the meeting here except Indonesia and Brunei. The other members are Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. ASEAN foreign ministers

nomic measures to pull out of the recession, saying Japan's economic strength is needed to tackle the Asian crisis. "Japan's economic recovery is important for the Asian

urged Japan to speed up eco-

ister said. Another ASEAN minister told the meeting: "We hope Japan will accelerate measures

to next March, its worst per-

economy," the Singapore min-

to boost the economy." Japan's economy is expected to suffer the second straight annual contraction in the year

War II. At the meeting, Komura told

his Asian counterparts that Tokyo planned to send Prime Minister Keizo Obuchi to the ASEAN leaders' summit in Hanoi in December.

"Our Prime Minister thinks that direct dialogue with ASEAN leaders is important." Komura said.

The ASEAN ministers proposed Asian countries take step with Japan in pushing reform of the global financial system. including the International Monetary Fund (IMF). Komura made no reply.

Their proposal came a week before a series of meetings of the IMF and the World Bank in Washington, where a meeting of finance ministers from the Group of Seven industrialised nations is also to take place. Komura is to leave New York

for Tokyo Friday noon, concluding his week-long visit to

'US to help strengthen social safety nets around Asia'

HONG KONG, Sept 26: A senior US official today expressed concern at food shortages in Indonesia and pledged American support to help strengthen social safety nets around Asia.

State Department assistant Secretary Alan Larson, in Hong Kong during a five-nation Asian tour, said the international community is facing its biggest financial crisis in 50

"We are acutely aware that the economic disruptions of the moment have the potential to impose a heavy human cost," he told a breakfast meeting. "It is important we not lose

years of progress in alleviating poverty. It is vital we tackle a problem that, if not addressed, could cause a lost of faith in those free institutions that have done so much to raise living standards and expand personal liberty around the world." Larson expressed particular

Indonesia and said the United States may consider further food aid. "In Jakarta I will be looking

concern about rice shortages in

into the rice situation, which is

a very important issue," he said adding instability as a result of hunger could derail efforts at economic reform. "Depending on whether there was a demonstrated demand and a capacity to deliver we

would consider doing more," he The United States has al ready granted Indonesia 50 million US dollar worth of food aid

and has given 5,000 tonnes of Sharp rises in the cost of basic food stuffs following the de-

valuation of the rupiah sparked widespread riots in Indonesia. "We will intensify our efforts to speed recovery in Asia...

while we cooperate to put Asian

also need to cooperate to protect Asian families through strengthened safety nets," Larson said. "During my trip to Asia, I am

going to look into ways that the

international community can

corporations back to work, we

do more to support employment, facilitate the movement of workers from old jobs to new jobs and protect precious investments in education and health. Larson emphasized that tile United States would also be ready to provide financial as-

sistance if the currency crisis spreads and would help provide trade finance through the US export import bank. Next month's meeting of the group of seven industrialised

nations would also look at revisions to the global financial system to help improve transparency and disclosure.

of wet weather that was thought

LONDON, Sept 26: The chief of the US Federal Reserve, Alan Greenspan, lifted the price of soft commodities this week as traders interpreted his comments to a Senate committee as the prelude to a cut in interest rates next week, reports AFP. Cheaper money in the Un-

tied States was thought likely to lead to a fall in the value of the dollar, which in turn would make the dollar-denominated goods relatively less expensive to overseas buyers.

the US markets braced for a surge in demand from Europe and Asia. An international rescue package for a failed us hedge fund that had been at the cut-

ital Management (LTCM), sent gold prices skywards. The ball-out, coordinated by the New York Federal Reserve. was a show of support for the speculative funds that are so

active on the gold and other commodities markets.

Gold: Glitter Gold prices soared as the metal regained some of its safe-have status amid the global stocks sell-off this week, aided by a rescue package for a leading US hedge York Federal Reserve

dollars to 298.25 dollars an

"The IMF is ready to work

A team of senior fund offi-

number of areas.



Housewives pray to recover economic problems during a service to mark 18th Pentecostal World Conference at the Chamsil Olympic Stadium in Seoul on Monday. About 100,000 Christians attended this service. -AP/UNB photo

Prices of soft commodities go up

Traders bought up gold in the belief that long term capital management had taken up plentiful gold positions and

meet obligations. The fund refused to comment on its holdings. A precious metals analyst at

Mitsui Bussan commodities, Anday Smith, said: what is esquickly to respond to what must be a big risk to the financial system, which is extremely positive for gold.

Silver: Shine, Silver prices rose on the wings of gold and a fall in reserves held by the New York Comex market

million ounces. A fall in the value of the dollar, if and when US interest rates are lowered, was expected to increase demand in Asia, which has seen its buying power fall after currency devaluations

Comex stocks fell to 74.05

Palladium and platinum: Dull. The price of these two metals fell slightly amid extremely low trading volume. Russian supplies continued to arrive in Japan, which is the

biggest consumer of the metals

used widely in the automobile

and lewellery sectors.

Copper: Higher. Copper prices rose slightly amid predictions of a fall in output from several producer countries.

London Metal Exchange (LME) rose by 23 dollars to 1,669.50 dollars a tonne. The South Korea LG Metals and the Spanish Minas Rio Tinto announce planned cutbacks to production. Minas Rio

Tinto will reduce annual output

by 50,000 tonnes at its Huelva The price rise came despite a surge of 21,775 tonnes in market reserves to 401,375 tonnes. **Lead:** Up. Lead prices rose on

a fall in LME reserves. Three-month prices rose by six dollars to 527.50 dollars per tonne after LME stocks fell by 2,525 tonnes to 112,250 tonnes.

Three-month prices rose by nine dollars to 1,002,500 dol-

Zinc: Zest. Zinc prices also rose slightly after a fall in LME stocks.

367,750 tonnes. technical trades. tonnes of metal to 507,700 Nickel: Hot. Nickel prices rose as dealers tried to assess

the damage to nickel plants hit

by Hurricane Georges in the

Caribbean.

Mexico.

Three-month prices rose by 95 dollars to 4,172.50 dollars a Tin: Rise. Tin prices rose by 15 dollars to 5,392.50 dollars a tonne, despite a modest rise in

LME stocks, which grew by 100 tonnes to 8,470 tonnes. Oil: Spurt. Brent North Sea crude prices surged by 1.14 dollars to 14.84 dollars a barrel (for delivery in November), as Hurricane Georges rattled oil installations in the Gulf of

Prices rose after the American Petroleum Institute announced a surprise fall in US stocks of nine million barrels. Traders on the international

Oil ministers from Kuwait, Oman, Algeria, the United Arab Emirates (UAE) and Iran urged "full compliance" with pledged

members ahead of a November opec meeting in Vienna. Both OPEC and non-OPEC nations have made efforts to

between OPEC and non-OPEC

stem the decline in oil prices by agreeing on output cuts. OPEC, which provides 37 per cent of the world's oil, has committed itself to a 2.6 million barrel per day (BPD) cut.

Cocoa: Warm. Cocoa prices rose slightly amid predictions of a supply shortage, despite a bumper harvest in Ivory Coast and reduced demand from emerging market countries ravaged by economic instabil-

Contracts for December delivery rose by five pounds to 1,018 pounds per tonne. Rubber: Hot. Rubber prices

rose on the wings of purchases by the International Natural Rubber Organisation and speculative trades. But an analyst at Lewis and Peat Trading House said: "There has been little consumer interest recently, it's only the paper market that is moving gradually higher, and I suspect that any rise will be short-lived."

Contracts for October and November delivery rose to 485 and 490 pounds per tonne from 470 and 475 pounds respectively.

ket, the RSS1 index rose to 2.62 ringgits per kilogramme from 2.59 ringgits.

Coffee: Strong. Coffee prices rose on strong demand ahead of fresh deliveries from Vietnam and Indonesia and on predictions of lower US interest rates. On the London Market, robusta prices for November de-

1.632 dollars a tonne. On the New York Futures market. Arabica prices rose by one cent to 102.85 cents per

livery rose by 34 dollars to

Mobassa auction houses picked up this week, the tea broker's association said. High grade BP1 leaves rose

Sugar: Melting. Sugar prices fell slightly under the weight of plentiful supplies from Europe, which countered an easing of

to 220.10 dollars a tonne. The European Commission authorised sales of 106,450

likely to delay harvesting there. Prices on the Chicago Board of Trade (CBOT) rose by 11 cents to 5.31 dollars per bushel (of 27.2 kg for delivery in Septem-

In contrast, on the Rotterdam Market, palm oil prices fell by 32.50 dollars to 690 dol lars per tonne.

Grains: Jumping. The US grains market was set ablaze by hopes of a cut in US interest rates, which would cause the dollar to lose ground and therefore increase demand for dollar-denominated contracts from overseas.

On the Chicago Market, wheat prices rose by 25 cents to 2.78 dollar per bushel (of 27.2 kg, for delivery in December). Maize prices rose by 13 cents

to 2.08 dollars per bushel (of 25.4 kg). Cotton: Shrunk. Cotton prices lost further ground as

Hurricane Georges steered clear

of US producing regions. Prices were also hit by reduced demand from Asia, as economic turmoil continued to ravage key importer countries and from a rise in industr ...

Prices covered by the cotton outlook index fell by 0.85 cents to 65.10 cents per pound. Wool: Shrink. Wool prices

fell amid predictions that

prices in the year ahead would be lower than had previously been expected. The Australian Wool Ex-

change fell by one cent to 5.16 Australian dollars per kg.

Wheat, maize, soya and coffee all rose on his remarks, as about \$1 trillion of bad loans. ting edge of the US bull market in recent years, Long Term Cap-

It also prompted speculation that LTCM would have to buy metal to meet contract obligations.

fund coordinated by the New Prices on the London bullion market rose by almost eight

There-month prices on the would now have to buy metal to

sential is that the fed acted very

Prices rose by 12 cents to 5.06 dollars per ounce.

lars per tonne after market reserves fell by 1,750 tonnes to Aluminium: Rise. Aluminium prices rose slightly on

Three-month prices rose by 11 dollars to 1,354.50 dollars a tonnes.

The price rise came despite a

rise in LME reserves of 6.300

petroleum exchange took heart from an announcement midweek by five OPEC countries to abide by earlier production

cuts in oil production. The ministers were meeting to discuss further cuts in crude output if prices remain low, as part of a series of consultations

On the Kuala Lumpur mar-

pound. Prices there gained from expectations of a fall in US interest rates next week. Tea: Hot. Demand in the

by between five and 20 cents per

fears that Brazil will be forced to devalue its currency, the real. On the London Futures Market, prices for delivery in March 1999 fell by 3.10 dollars

tonnes of white sugar this week. Vegetable oils: Blend. US soya prices rose slightly because

stock piles.