

Japan offers to liberalise trade in 4 items

TOKYO, Nov 7: Japan has proposed to members of Asia-Pacific Economic Cooperation (APEC) forum that Tokyo make concessions on import tariff cuts in sectors other than fish and forestry products...

Under the compromise plan, Japan offered to liberalise trade of four items in the category of toys and five items in the energy sector...

The move is aimed at showing Japan's positive stance towards opening up markets, but avoids scrapping tariffs on highly-sensitive fish and forest products, it said.

Australia and the United States have warned, to no avail, that Tokyo's stance could wreck the November 12-18 APEC forum in Malaysia.

Japan's participation in the early liberalisation plan for the nine high-priority sectors is seen as essential for a meaningful package.

The priority sectors are chemicals, energy, environmental goods and services, fish, forest products, gems and jewellery, medical equipment and toys. The ninth sector, telecommunications, is already settled.

Agriculture, Forestry and Fisheries Minister Shoichi Nakagawa said Friday that Japan would not budge on demands for import tariff cuts on fish and forestry products, vowing to stick to "consensus" in the government.

Tokyo has said the tariff matter should only be discussed under the World Trade Organisation.

APEC groups 18 Pacific-rim nations, including the United States, China, Japan and Russia.

Hackers wanted for S'pore trade exhibition

SINGAPORE, Nov 7: Computer hackers can finally come out in this law-abiding island state. They are wanted to test software at a Singapore exhibition next June that will promote cyber security...

"We are looking for individuals or teams who are interested in taking up the challenge of infiltrating firewalls set up by our sponsors," said Jimmy Lau, president of Reed Exhibition Companies and one of the organisers of the exhibition.

"This will provide our sponsors an opportunity to demonstrate the effectiveness of their products at Infosecurity Asia '99," Lau said in a statement.

Firewalls are programmes designed to protect software from hackers, or unauthorised infiltrators.

The exhibition is co-organised by National Computer Systems, a subsidiary of the Singapore Telecommunications Ltd group.

"In this age of e-commerce, we need to protect the information and network infrastructure of our customers against possible corruption," said Lee Kwok Cheong, chief executive officer of NCS.

The exercise will be carried out in a controlled environment, where hackers will attempt to penetrate various demonstration sites.

Said Lau: "Rest assured, there will be no hacking of computer systems outside of the demonstration environment."

Expanded Singer showroom opens in Jessore

Mahub Jamil, Chairman and Managing Director of Singer Bangladesh Limited, formally inaugurated the newly expanded and renovated Jessore showroom-cum-sales centre on Thursday, says a press release.

The shop located at Rail Road in Jessore made its debut in the early fifties.

Marketing Manager M A Siddiqui, Sales Manager A F M Jahangir Alam, senior executives of Marketing and Marketing Services Department and local elites were present.

After the inauguration ceremony, selling of Singer sewing machine, refrigerator, colour television and micro-wave oven started.

Belarus workers protest food shortage

MINSK, Belarus, Nov 7: More than 2,000 miners, businessmen and other workers from around Belarus protested food and medicine shortages Thursday and demanded an increase in the \$8. US dollars monthly minimum wage, says AP.

About 1,000 people then marched seven kilometres (four miles) to authoritarian President Alexander Lukashenko's residence, calling him a "disgrace" and urging him to negotiate with the disgruntled workers. Hundreds of riot troops escorted the unsanctioned march.

Eight people were arrested, but no violence was reported, said Oleg Bebenin of the Charter-97 human rights group.

Workers from the largest private and state-run factories and businesses in Minsk, the Belarusian capital, joined the rally, organized by the Belarusian Free Trade Unions. Miners and workers from other regions also took part.

"A Decent Salary for a Working Man" read one poster. Another said "We are Fed up with you (Lukashenko)."

The demonstrators complained about shortages of medicine, eggs, milk, sugar, chicken and cheese.

Regional surveillance issues top APEC talks agenda

KUALA LUMPUR, Nov 7: Asia-Pacific finance officials will meet here over the weekend to discuss a regional surveillance mechanism aimed at warding off potential future crises, and the burning issue of capital controls, reports AFP.

The meeting of the so-called Manila Framework — a regional surveillance group formed in the Philippine capital in November 1997 following the East Asian financial crisis — will ponder over reforms for the global monetary system, the Malaysian Finance Ministry said.

This third meeting in Malaysia will focus on regional surveillance issues and developments in financial markets especially with respect to restoring private capital flows, as well as issues related to the reform of the architecture of the international financial system, it said.

Sources told AFP that Malaysia's Central Bank Negara was expected to brief delegates on the country's controversial foreign exchange controls imposed in September to insulate it from foreign pressure.

Under the controls aimed at hauling the economy from its first recession in 13 years, the ringgit was fixed at 3.80 to the dollar and made virtually non-convertible abroad.

The Kuala Lumpur talks will be attended by senior finance officers and deputy central bankers from Australia, Brunei, Canada, China, Hong Kong, Indonesia, Japan, Korea, New Zealand, the Philippines, Singapore, Thailand and the United States.

The US delegation will be led by Timothy Geithner, who is senior Deputy Assistant Secretary for International Affairs in the US treasury, diplomats said.

Officials from the Asian Development Bank, the World Bank and the International Monetary Fund (IMF) will also attend the two-day talks.

The World Bank would be led by its Senior Vice-President Joseph Stiglitz and Vice-President for East Asia and the Pacific Jean-Michel Severino while the IMF is represented by Deputy Managing Director Stanley Fishver.

After the grouping's formation in Manila, officials met for a second time in Tokyo in March followed by an ad-hoc meeting in June centered around Japan's crisis and the plunging yen.

The Manila framework is aimed at putting in place a regional monitoring mechanism to complement IMF's global supervision, with a cooperative financing arrangement with the Washington-based fund.

It is also designed to enhance regional economic and technical cooperation, and supporting a stronger IMF to respond to future financial crises.

The weekend meeting in Kuala Lumpur comes ahead of the Asia Pacific Economic Cooperation (APEC) leaders' summit on 17-18 November.

Analysts say findings at the Manila Framework meeting are likely to boost APEC talks on reforms for the global financial system and ways to supervise hedge fund activities.

The objectives of the framework were in line with pledges last week by G-7 finance ministers and central bankers for tighter regulation of international capital markets and a new IMF rescue line to attack the turmoil sweeping the world economy.

The G7 — Britain, Canada, France, Germany, Italy, Japan, and the United States — said in a joint statement that they would try to devise measures to have hedge funds provide greater transparency concerning their global investment activities.

Hedge funds have been blamed in part for precipitating the regional economic crisis which began in July 1997 with the float of the Thai baht.

Unocal to invest \$3.5b Downtrend in Indian exports continues

NEW DELHI, Nov 7: The downturn in India's exports continued with a negative year-on-year growth of 4.89 per cent registered in September this year, official sources said here today, reports Xinhua.

Exports in September amounted to 2.75 billion US dollars, less than the 2.89 billion dollars recorded in September last year.

The dismal export performance in the month is reflected in the overall data for the first half of this fiscal year (April 1, 1998-March 31, 1999). Cumulative exports in the April-September period declined 3.28 per cent to 16.27 billion dollars from 16.82 billion dollars in the first half of the previous year.

Imports however, surged more than 20 per cent in September compared with the same month in the previous year. Imports were valued at 3.68 billion dollars as against 3.05 billion dollars in September 1997, the sources said.

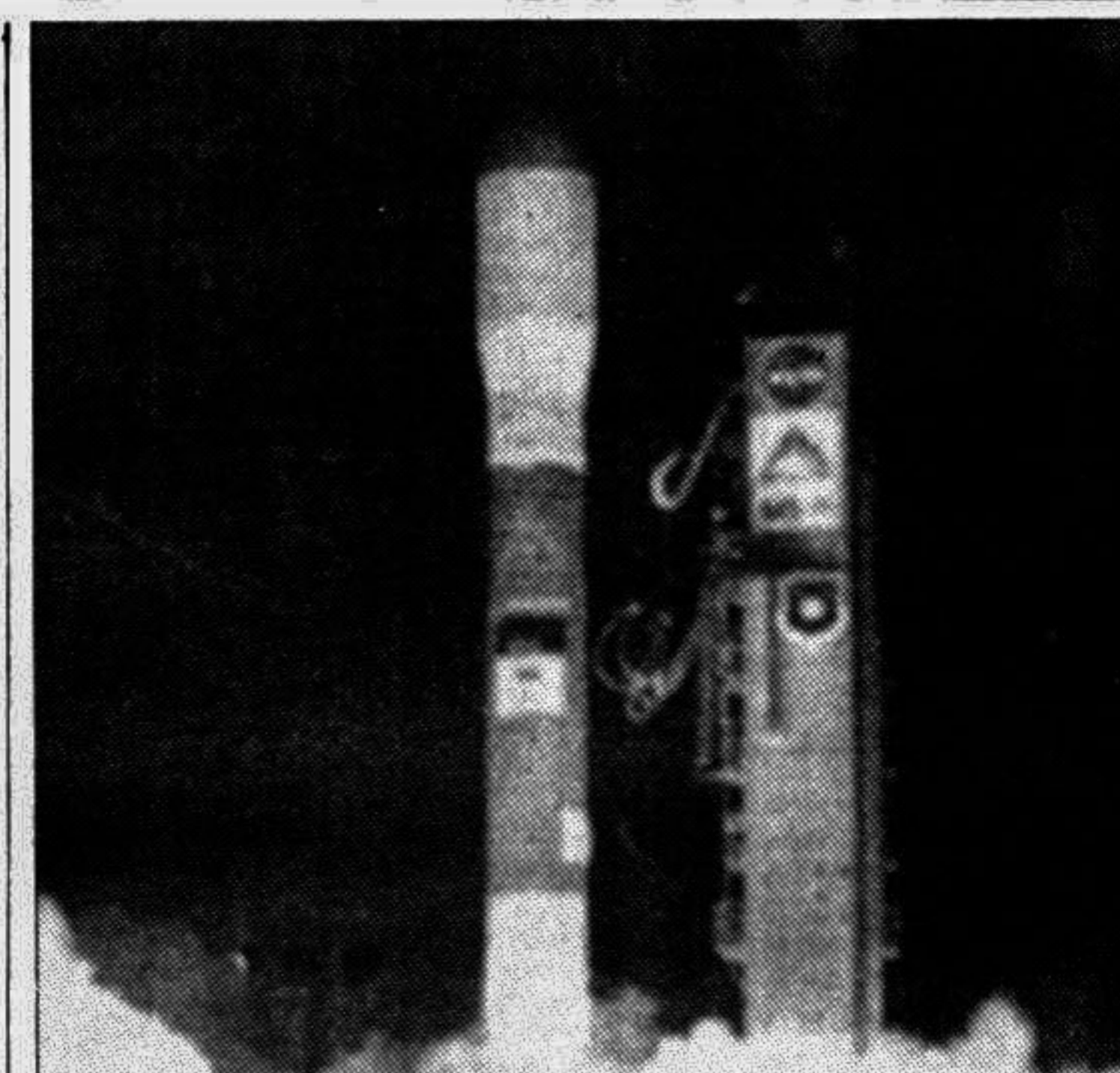
Imports in April-September 1998 are estimated at 21.26 billion dollars, 10 per cent higher than the 19.32 billion dollars in the first half of last fiscal year.

The negative growth in exports was primarily due to a negative growth in exports of cotton yarn fabrics, readymade garments, engineering goods, basic chemicals and hardware electronic goods in September.

Meanwhile, US multinational Unocal Corporation plans to invest 3.5 billion US dollars in the Indian energy sector, Business Standard said here yesterday.

The proposed projects include liquefied natural gas (LNG), pipelines, power generation and oil exploration and production.

"Our main focus will be on natural gas projects. India is the largest and most important future market for natural gas," Unocal President John Imle said here Friday.



A Boeing Delta II rocket carrying five Motorola Iridium satellites was successfully launched from Vandenberg Air Force Base, Calif., Launch Complex 2 early Friday. The rocket carried a replacement for a malfunctioning satellite and four spares, according to Motorola Inc., which leads the consortium that built the system which began service on Sunday. Iridium is a fleet of about 70 satellites which allow subscribers to receive wireless digital telephone service virtually anywhere on the planet. — AP/UNB photo

HK govt urged to sell massive shareholdings

HONG KONG, Nov 7: The Hong Kong government should sell the massive shareholdings it acquired during its controversial market foray or risk a loss of confidence in the territory's currency, the currency board's architect told legislators on Saturday, says AP.

John Greenwood, president of Invesco Asia Ltd and one of the key economists who drew up Hong Kong currency's fixed exchange rate system, said it was "neither appropriate nor desirable" for the government to hold so many shares of privately-held companies.

"It is highly desirable that the government should distance itself from the day-to-day management of the portfolio," Greenwood told the legislature's financial panel.

In August, the Hong Kong government pent 4.4 billion US dollars in foreign exchange reserves, scooping up shares and futures contracts in an effort to drive up stock prices to levels at which speculators — who bet the market would fall — would be stuck with huge losses.

Hong Kong officials have argued that investors were selling the Hong Kong dollar, forcing monetary authorities to raise interest rates and buttress the fixed exchange rate to the US dollar.

Speculators were selling shares on the stock market, then cashing in when higher interest rates pushed shares lower.

Greenwood said the intervention was a departure from the usually sound management of Hong Kong's currency board. Without divesting the shares, the government could face conflicts of interests that would inevitably damage Hong Kong's 15-year old currency peg.

"I am not going to defend the purchase of equities stocks and Hang Seng index futures contracts," Greenwood said.

Greenwood however praised the Hong Kong Monetary Authority — the territory's de facto central bank — for abiding by the basic principles behind the adoption of Hong Kong's fixed exchange rate.

Greenwood said the HKMA has rigorously backed Hong Kong's monetary base with a solid reserve currency, and that any US dollar movement in and out of the banking system was immediately countered by an adjustment in Hong Kong dollar liquidity.

Asian crisis fallout Taiwanese exports mark further decline

TAIPEI, Nov 7: Reflecting continuing fallout from the Asian economic crisis, Taiwan recorded a trade deficit in October that economists say might compel the government to reduce its economic growth rate estimate of 5.3 per cent for the year, reports AP.

Taiwan's trade deficit hit US \$ 27.4 million last month, compared with a US \$ 10.4 billion surplus in the same period a year ago, the Ministry of Finance said Saturday.

Exports plunged 17 per cent last month to US \$ 8.66 billion against US \$ 10.4 billion a year ago, the ministry said.

Imports also fell to US \$ 8.69 billion, down from US \$ 9.38 billion in the same month last year, said the ministry.

Taiwan's currency dipped after the announcement, slipping to 32.558 against the US dollar amid low trading volume. A weakened Japanese yen also weighed on the currency.

Economists said the fall in exports could force the government to cut its estimate of 5.3 per cent economic growth for the year.

The (October trade) figures are not ideal, and it will be difficult to avoid lowering full-year growth forecasts again," said WP Chang, director of planning at the cabinet's Council for Economic Planning and Development.

Though buoyed by US \$ 83 billion in foreign exchange

serves and little government debt, Taiwan has suffered over the past year from a drastic decline in exports amid evaporating markets and heightened competition. The island recorded its first quarterly trade deficit in 17 years over the first three months of the year, before a slight recovery.

October exports fell in all major markets except Europe. Sales to that region posted a 1 per cent increase to US \$ 1.63 billion, accounting for 19 per cent of all exports.

Exports to the United States fell 7.7 per cent to US \$ 2.43 billion, while Hong Kong bought US \$ 1.85 billion in Taiwanese goods last month, a 25 per cent drop from a year ago. Japan purchased US \$ 704 million, a 20 per cent drop. The United States and Hong Kong, through which most of Taiwan's exports to China transit, account for almost half of all Taiwanese exports.

Imports from Japan fell 12 per cent to US \$ 2.24 billion from US \$ 2.53 in October 1997, while Taiwan bought 18 per cent less from the US last month than a year ago, or US \$ 1.43 billion, down from US \$ 1.74 billion. The US and Japan accounted for 42 per cent of all imports purchased by Taiwan last month.

European imports, though rose 22 per cent last month to US \$ 1.86 billion, accounting for 21 per cent of all imports.

Cigarette, liquor prices go up Lankan budget raises war taxes

COLOMBO, Nov 7: Sri Lanka on Thursday increased war taxes and raised prices of cigarettes and liquor in a bid to boost the government's battle against separatist Tamil Tiger guerrillas, reports AFP.

The government unveiled its budget for 1999 by raising the national security levy (NSL) from 4.5 per cent to 5.5 per cent effective immediately and increased alcohol and cigarette prices by 10 per cent.

The NSL which is imposed on almost all goods and services goes directly to fund the war against the rebel Liberation Tigers of Tamil Eelam (LTTE) who are leading a drawn out campaign for independence.

Deputy Finance Minister G L Peiris told parliament that government was unable to keep the deficit at the original target of 6.5 per cent of GDP this year and instead it had shot up to 7.8 per cent of GDP because of the war.

Economic growth will slow down to 5.0 per cent this year compared to 6.4 per cent last year, Peiris said adding, however, that deficit is expected to narrow next year to 7.0 per cent of GDP.

"We must not forget that all this has been achieved whilst the government and the nation are engaged in a terribly destructive and costly war," Peiris said stressing that the higher taxes were needed to fight the war.

The opposition rejected government forecast of economic growth as well as the budget deficit.

Former finance minister Ronnie de Mel said the government had failed to explain how it had suddenly brought down

the deficit in next year's budget with no tangible change in the economic situation in the country.

Government revenue for 1999 is estimated at 232 billion rupees (3.5 billion dollars) compared to an expenditure of 339 billion rupees leaving a shortfall of 107 billion rupees.

The biggest chunk of government spending will be for defence... in 1999, the government estimates defence to cost 47 billion rupees, up from an estimated 44 billion rupees in 1998 and an actual expenditure of 46 billion in 1997.

In contrast, the allocation for health is lower next year at 12.46 billion rupees compared to an actual expenditure of 15.0 billion rupees in 1997 and an estimate of 11.09 billion rupees this year.

"A lot depends on the government's ability to hold the defence spending within the allocated vote," a financial analyst here said. "The experience in the past is that it was hardly possible and that means the extra money will have to come from some other ministry or by way of higher taxes."

Household expenditure last month shrank an inflation-adjusted 1.5 per cent, from the previous month to an average of 308.841 yen (2,622.19 dollar),

UNCTAD summit to focus on investment in poorest nations

PARIS, Nov 7: The main UN forum on world economic issues hosts a summit in France next week aimed at boosting private sector involvement in developing the world's poorest economies, says AFP.

French Prime Minister Lionel Jospin will open the four-day meeting in Lyon on Monday which will group heads of government and ministers from several developing countries along with business leaders, UN representatives, consumer associations and Non-Governmental Organisations.

The United Nations Conference on Trade and Development (UNCTAD) is expecting up to 2,000 participants from 152 countries including the presidents of Uganda, Bolivia and Ivory Coast, and government ministers from countries including India, Albania and South Africa.

Major companies taking part include Spoomet of South Africa, Siemens of Germany, France Telecom, Fujitsu of Japan, ABB of Switzerland and oil multinational Shell.

But the conference will also include representatives from civil society those on the ground who are working on projects and know what does and does not work, UNCTAD said.

"We will be presenting concrete examples of the way that market forces can be mobilised to the benefit of developing countries Jean Gurunlian, Executive Secretary to the meeting said recently.

The conference aims to involve business more in the work of the United Nations and to "generate new human technological and financial resources" for development, UNCTAD said in a statement.

The first partners for development conference will include discussion of how developing countries can benefit from the globalisation of the world economy particularly through attracting private investment.

There will be special sessions on investing in micro finance aiming to show how international financial groups can profitably set up operations offering loans for relatively small projects among the world's poorest areas.

Also on the menus are electronic commerce which can enable producers to deal directly with overseas clients and thus find export markets and areas such as efficient transport and port management.

Developing countries are increasingly being encouraged to seek private investment rather than official loans or aid to help achieve lasting economic development.

Such private sector involvement is all the more necessary because foreign aid flows have been falling in recent years.

But the Asian crisis has made investors increasingly wary of investing in emerging or developing markets generally despite the fact that the developing countries are expected to show better growth this year than the global economy.

The International Monetary Fund is predicting average economic growth this year of 2.3 per cent in developing countries compared with 2.0 per cent this year one of the best showings in the past 20 years.

showing by President Bill Clinton's democratic party in mid-term elections, analysts said.

Three-month copper prices rose by 53 dollars to 1,642.50 dollars a tonne.

ALUMINIUM: Flat. Three month aluminium rose a slight 1.50 dollars to 1,317.30 dollars a tonne, supported by signs of better demand seen in the fall in London Metal Exchange warehouse reserves to 515,050 tonnes, down 1,950 tonnes.

Several Asian markets saw a sharp drop in supply, while the South Korean supply administration put out a bid for 30,000 tonnes, further pushing up prices.

NICKEL: Chrome. Nickel prices rose sharply this week on a wave of cover buying by investment funds, with three month nickel closing at 4,357.5 dollars, up 437.5 dollars a tonne.

A strike at French miner Eramet in New Caledonia started early in the week also boosted prices.

LME warehouse reserves fell 348 tonnes to 60,324 tonnes.

LEAD: Rise. Lead prices rose

on technical trades and a slight fall in market reserves this week.

Three month prices rose by 10 dollars to 498.50 dollars a tonne. LME stocks fell by 550 tonnes to 110,125 tonnes.

ZINC: Glitter. Zinc prices rose after a fall in LME reserves.

Three month prices rose to 980.75 dollars a tonne to 946.50 dollars a tonne, market stocks fell by 3,700 tonnes to 343875 tonnes.

TIN: Shiny. Three month tin rose 60 dollars to 5,532.5 dollars a tonne, breaking the important 5,500 dollars a tonne barrier thanks to a fall in LME warehouse stocks.

Stocks dropped 460 tonnes to 7,645 tonnes, under the psychologically important level of 87,000 tonnes.

SILVER: Dull. Silver prices fell a slight five cents to 4.95 dollars an ounce this week on the London billion market on investment fund sell-offs.

Analysts said prices would rise in coming days due to a drop in supply, especially in New York.

Tata draws much interest at British auto show

BIRMINGHAM, Nov 7: Indian truck and automobile maker Tata made a major bid to establish itself in the international market by displaying three new vehicles at the prestigious British International Motor Show here.

The Tata vehicles drew much interest at the show and won considerable praise from visitors and automobile journals. Both the Tata four-by-four and the Supermini prototype were exhibited at the show. Tata also exhibited the Trekker, which is a special equipment version of its double cab pick-up.

Thousands of visitors showed particular interest in the four-by-four with its rounded proportions, high roofline and neat styling. With air conditioning as a standard feature, the vehicle seats seven.

Tata has put the reputation of the four-by-four at stake by entering it in the London to Cape Town Classic Reliability Trial and four-by-four adventure drive. Two of these Tata vehicles are on the 11,000 mile (17,700 km) journey that began on October 23 and is due to end in Cape Town on December 2 after passing through 22 countries.

Tata has set up a Britain development programme and also an import centre in Britain to develop the four-by-four to British customer requirements. A choice of petrol and diesel engines will be offered.

The publication Auto World

Asian crisis fallout

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Taiwan's currency dipped after the announcement, slipping to 32.558 against the US dollar amid low trading volume. A weakened Japanese yen also weighed on the currency.

Economists said the fall in exports could force the government to cut its estimate of 5.3 per cent economic growth for the year.

The (October trade) figures are not ideal, and it will be difficult to avoid lowering full-year growth forecasts again," said WP Chang, director of planning at the cabinet's Council for Economic Planning and Development.

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Moody's downgrades 3 Saudi banks

DUBAI, Nov 7: The US credit rating agency Moody's downgraded the financial strength ratings (FSR) or three Saudi banks because of an economic downturn in the Gulf Arab state due to low oil prices, reports AFP.

The rating of Saudi American Bank (Samba) was revised from C+ to negative, the FSR of National Commercial Bank from D+ to stable, the same downgrade as for Saudi Hollandi Bank, it said in a statement sent to Dubai.

The changed outlooks reflected the economic slowdown in Saudi Arabia as a result of persistently low oil prices during 1998," explained the Moody's Investors Service.

The agency has warned that the slump in oil prices pose a greater threat to banks in the Gulf Arab states than the Asian financial crisis or Russia's economic woes.

But Gulf bankers have fired back, criticising international rating agency evaluations of economic trends in the region.

The classification of agencies in our region needs more objectivity and credibility," said Arab Banking Corporation President Ghazi Abdul-Jawad at a banking conference in Doha last month.

Qatar's central bank Governor, Abdullah ibn Khalid Al-Attiya, said: "The agencies are applying their own criteria. We know the region very well. They don't know it."

Weekly Currency Roundup

During the last week (November 1 to 5), demand for US dollar was high in the local forex market. The exchange rate for dollar was stable in higher range and traded between BDT 48.6480 and 48.6550. Among other currencies, yen was witnessed high demand due to retirement of yen-denominated L/Cs. The high demand for dollar can be attributed to heavy import pressure, which was reinforced by the unwillingness of the large national banks to sell greenback in order to cater to their own demand. Declining inward remittances also worsened the supply of dollar.

During the week, banks charged BDT 48.75 for a unit of dollar from the importers and offered BDT 48.1549 to the exporters.

The informal market was steady and moderate demand prevailed throughout the week. In the kurb market, exchange rate for cash dollar ranged between BDT 48.25 to BDT 48.50.

On November 1, Bangladesh Bank accepted the following Treasury Bills:

Table with 3 columns: Tenor, Amount (million Taka), Yield. Rows include 28 days, 2 years, and 3 years.

Payments against Treasury Bills worth of BDT 4,398 million was made on Monday (November 2). Treasury Bills worth of BDT 4,315 million also matured on the same day. Even though the payment was bigger than the amount matured, the market was very liquid as most of the banks had surplus Taka funds. The money market was insipid throughout the week. The demand for call money was moderate and the call rate was lower and ranged between 6 per cent and 7.5 per cent.

In the international markets, dollar traded against yen within a narrow range in the absence of any fresh factors in the horizon. Yen gained against dollar earlier in the week due to a rumour that hedge funds might start buying yen to liquidate their positions, but the rumour did not have much impact. In the middle of the week dollar was firm against the mark and yen because of early US mid-term election results, indicating gains for the Democrats. At the end of the week, dollar was steady against major currencies. Although the Bank of England made the much expected interest rate cut by 50 basis points, GBP did not lose as the rate cut was already discounted in the price.

During the week, movement of major currencies against dollar was as follows:

Table with 3 columns: Currency, High, Low. Rows include German mark, British pound, and Japanese yen.