

Fallout from Asian economic turmoil APEC business arm calls for steps to shore up SMEs

KUALA LUMPUR, Nov 9: Urgent measures are needed to shore up thousands of small and medium-sized businesses threatened by collapse amid the economic turmoil, Malaysia's official news agency reported yesterday, says AFP.

A report to the upcoming meetings of the Asia-Pacific Economic Cooperation (APEC) forum recommends ways of creating the right financial climate to allow small and medium businesses (SMEs) to overcome the crisis, Bernama said.

"The short-term survival and ultimate long-term health of SMEs is being threatened," said the report by Tan Sri Tajuddin Ramli, chairman of the APEC business arm, the APEC Business Advisory Council (ABAC).

"In the process scores of workers and family members are becoming unemployed. The problem is extremely serious in a number of APEC economies," he added in his report handed to Malaysian Prime Minister Mahathir Mohamad.

It recommends improving the business climate by setting up financial institutions to support small businesses, developing performance-based lending practices, making provision for micro-lending, and allocating funds from the International Monetary Fund (IMF) to provide low-interest loans and short-term tax relief options.

Thousands of businesses, which provide the bulk of employment in APEC's 18 members and are key to their

economies, had already gone under or teetering on the edge, the report added.

Large corporations could lend a hand through sub-contracting arrangements with smaller business, added Tajuddin who is also Executive Chairman of Malaysian Airline System.

APEC meetings will begin in Kuala Lumpur from Thursday when senior financial and trade officials meet ahead of ministerial talks and then the leaders summit from November 17 to 18.

In a move to boost Malaysia's ailing domestic economy, Mahathir has urged the country's banks to make it easier for the private sector to obtain loans, saying credit growth should be above eight per cent.

"It is needless to stress that economic recovery is dependent on the private sector's vigour to carry out its business with the assistance of the banks," he told a dinner of the Association of Merchant Banks late Saturday.

"The more vigorous the private sector is the faster the recovery will be. The faster the economy recovers, the more comfortable people's lives will be," he was quoted in the New Sunday Times as saying.

"The government has decided that credit growth must not be lower than eight per cent (for 1998), but we find that banks still refuse to approve loans."

Banks were being too cautious and should be more positive in their approach, Mahathir added.



IMF Deputy Managing Director Stanley Fischer (R), chats with Japan Finance and Central Bank Deputy Kiyoto Ido after a news conference of the third meeting of the Manila Framework Group in Kuala Lumpur Sunday. The two-day meeting was to promote regional economic stability. — AP/UNB photo

NGOs to focus on bread and butter issues

KUALA LUMPUR, Nov 9: Some 700 delegates from non-government organisations (NGOs) will hold a conference parallel to the APEC meetings here focusing on the human rights of the economic crisis and rights issues, a statement said yesterday, reports AFP.

"Because of the economic crisis, people's livelihoods are less secure and a lot of emerging bread and butter issues are caused by globalisation," Asia-Pacific People's Assembly (APPA) Secretariat coordinator Cynthia Gabriel said in the statement.

The meetings would aim "to pursue our advocacy for a people-centred global economic arrangement."

The Assembly officially opens on Tuesday and will comprises 13 forums tackling issues such as women, privatisation and financial deregulation, the urban poor, human rights and democracy and the US-Japan military agenda.

Gabriel added that as 1998 was the 50th anniversary of the UN declaration of human rights the assembly would also focus on human rights in the region.

"We will take stock of what we have and what we are supposed to have compared with what has actually been given to us."

Officials from the 18-nations Asian-Pacific Economic Cooperation (APEC) forum will start gathering in Malaysia from this week for a series of meetings which end with the leaders summit on November 17 to 18.

Sagging global oil prices Iran, Saudi Arabia fail to work a way out

TEHRAN, Nov 9: The oil ministers of OPEC majors Iran and Saudi Arabia discussed sagging oil prices on Sunday but said they reached no decision on what to do, reports Reuter.

Asked if the two sides discussed ways to help lift the oil market, Iranian Oil Minister Bijan Namdar Zanganeh told Reuters: "Yes. We discussed the oil markets without any resolution. We talked and we tried to close our opinions together."

Saudi Oil Minister Ali Al-Naimi, who was accompanied by a delegation of energy officials, refused to comment on whether he discussed the possibility of further oil production cuts with his Iranian counterpart in their three-hour meeting.

The talks took place ahead of a meeting of OPEC ministers to be held on November 25 in Vienna, where attention will be focused on the possibility of prolonging existing production cuts or imposing new ones.

It was not clear if Naimi and

his delegation would return to Saudi Arabia on Sunday after the meeting in a Tehran hotel. An Iranian official declined to comment on Naimi's plans.

Iran's Foreign Minister Kamal Kharrazi returned to Iran on Sunday after discussing weak world oil prices with Saudi leaders including King Fahd and crown Prince Abdullah in Riyadh.

Kharrazi said during his talks with Abdullah that producers could not remain indifferent to the fall in prices, which have plunged to 10-year lows this year.

The crown prince said the kingdom, the world's largest oil exporter, was ready to cooperate with Iran to help shore up prices.

Members of the Organisation of Petroleum Exporting Countries and other oil producers have cut back output twice this year by a total of about 3-1 million barrels per day.

Abdullah has previously said other OPEC nations were to

blame for continued low prices because they had failed to fully implement agreements on cutting supply from the glutted markets.

Iranian Oil Ministry senior adviser Hossein Kazempour Aredebili, who accompanied Kharrazi to Saudi Arabia, said on Sunday that talks in Riyadh had covered an action plan on the oil market. He did not elaborate.

"We discussed oil market conditions in Saudi Arabia and the endeavours and efforts which have to be rendered towards the enhancement and improvement of the world oil markets and conditions," he said on the sidelines of a Tehran oil conference.

While OPEC members Kuwait and Algeria have called for further output cuts, key producers Saudi Arabia, Venezuela and non-OPEC Mexico have made it clear they do not want to make more reductions.

Singapore urged to adopt disclosure-based business

SINGAPORE, Nov 9: A government-backed committee today urged a shift to a disclosure-based regulatory regime to enhance Singapore's position as an open market and a global financial centre, reports AFP.

"The disclosure-based philosophy fosters a market-driven environment which reduces the cost of capital and avoids the cost of missed opportunities from delays, lowers moral hazard and encourages innovation and business flexibility," the corporate finance committee said in a report.

To raise the standard of disclosure, there should be a comprehensive and stated legal obligation to disclose, it said.

The present system is merit-based wherein the securities regulator decides on whether transactions should be allowed to proceed on the basis of their perceived merits.

In a disclosure-based system, the market decides on the merits of the transaction, instead of the regulator.

The corporate finance committee is one of the sub-committees formed under the financial sector review group headed by deputy prime minister and monetary authority of

Singapore chairman Lee Hsien Loong.

The government said it had accepted all the committee's recommendations.

"A disclosure-based system will allow investors to judge the commercial merits of transactions," the government said in a statement.

"It will also give companies and market intermediaries more flexibility in conducting their businesses and fund-raising activities leading to greater financial innovation and investment choice," it added.

The committee's report follows a slew of other recommendations made by high-ranking government and private sector representatives to liberalise other areas of Singapore's financial markets.

Tourism industry may get a boost

Singapore expects a windfall for its tourism industry with its hosting next year of the Rotary International Convention, officials said today, reports AFP.

More than 25,000 delegates are expected in Singapore for the Rotarians Convention, to

take place from June 13 to 16, the Singapore Tourism Board (STB) said in a statement.

The hosting of this convention with an expected attendance of more than 25,000 to Singapore is a bonus for the tourism industry. It reinforces Singapore's reputation as a top convention city," said Yee Khee Leng, STB chief executive.

All sectors of Singapore's tourism industry, from shops to recreation, would benefit, since convention delegates are known to spend more than ordinary visitors, said Yee.

The convention comes as a boon for Singapore, where tourist arrivals have been declining amid the regional economic turmoil.

GB Airways selects A320 family

GB Airways has announced it will acquire nine new A320 Family aircraft from Airbus Industrie.

The A320 will be delivered in the year 2001 and all the nine aircraft will be in service by 2003, says a press release.

GB Airways, part of the Bland Group, has also taken options on an additional five A320 Family aircraft.

The A320 Family was selected to replace GB Airways' current fleet after a year-long evaluation.

John Osborne, GB Airways' Managing Director, said "the A320 and the A321 offer the right combination of passenger comfort, low operating costs and capacity to best suit our needs for the future."

The A320 will seat up to 159 passengers in the GB Airways configuration, and the A321 up to 198 passengers. All aircraft will be powered by IAE V2500 engines.

Gatwick-based GB Airways currently flies an extensive route network from its base and London Heathrow, to destinations in Spain, Portugal, Gibraltar, Morocco, Malta and Tunisia.



An Azerbaijan woman carries a box on her head on a street in downtown Baku, Azerbaijan. Although the former Soviet republic of Azerbaijan is sitting on billions of tons of Caspian oil, most of 7.5 million people live in poverty. The reason for the poverty and scarcity of jobs is slow development of the oil resources and the absence of a major pipeline. — AP/UNB photo

China to reform its futures markets

BEIJING, Nov 9: China is to radically reform its futures markets by reducing the number from 14 to just three from January 1 to stamp out excessive competition and "over speculation," the China Daily Business Weekly said yesterday, reports AFP.

The 11 commodities futures exchanges that are closed will either be merged with the current markets in Shanghai, Dalian and Zhez Zhou or closed, it said.

The number of goods traded will be slashed from 35 to 12 and the guarantee margin will be raised from five per cent to 10 per cent.

The Beijing Commodities Exchange has already announced the end of trading and asked members to "collect any belongings left at the exchange," the Business Weekly said.

The overhaul is one of a series of steps taken this year to eliminate risks in China's financial sector in the wake of the Asian financial crisis, it said.

The development of the market was marred by excessive speculation which pushed up prices to often unrealistic levels and may have contributed to runaway inflation in 1993, the newspaper said.

Asian Stocks Roundup Markets close mixed

HONG KONG, Nov 9: Asian stock markets closed generally mixed Monday, with prices tumbling in Singapore and the Philippines, but surging in Kuala Lumpur and Jakarta, reports AP.

In Tokyo, stocks closed mixed as investors awaited more details of the Japanese government's latest economic stimulus measures.

Singapore shares slumped 5 per cent on heavy profit-taking following sharp gains in the past month. The Straits Times Index fell 64.48 points, closing at 1,219.28.

Dealers said investors took profits on the belief that global interest rates have stabilised and aren't headed any lower. The Singapore index has gained some 45 per cent in the last month.

Philippine share prices also tumbled on profit-taking.

The Philippine Stock Exchange index of 30 selected stocks fell 84.86 points, or 4.7 per cent, to 1,712.51 after Friday's 35.77-point gain.

This is just a technical correction. Nothing fundamental has changed" in the Philippines, said Helen Alvarez, research director at All Asia Securities.

Malaysian shares closed sharply higher on continued buying support from local investors, particularly local in-

stitutional funds.

The Kuala Lumpur Stock Exchange's Composite Index, which tracks 100 key stocks, rose 2.7 per cent, or 12.40 points, to 465.69.

Indonesian share prices also soared on bullish sentiment, boosted by Friday's gains on Wall Street.

However, enthusiasm was dampened somewhat in the afternoon session, which was filled with rumours of demonstrations ahead of Tuesday's special parliamentary session.

The Jakarta Stock Exchange's Composite Index rose 10.41 points, or 2.9 per cent, to 364.393.

Tokyo's benchmark 225-issue Nikkei Stock Average gained 72.57 points, or 0.51 per cent, closing at 14,194.54. On Friday, it had fallen 218.40 points, or 1.53 per cent.

Share prices opened higher following gains in US stocks Friday and on expectations of more active economic rescue efforts by the Japanese government. But the gains later ran out of steam in the absence of new information about the measures.

Next Monday, the Japanese government is expected to announce a package of public works and other measures expected to total more than 10 trillion yen (\$84 billion).

Meanwhile, the US dollar

was quoted at 119.36 yen in late afternoon, up 1.36 yen from Friday in Tokyo and also above its New York level of 119.10 yen Friday.

Elsewhere:

BANGKOK: Thai share prices closed sharply lower as investors took profits. The Stock Exchange of Thailand index fell 12.75 points, or 3.3 per cent, to 363.85.

HONG KONG: Share prices slumped on profit-taking. The Hang Seng Index, the Hong Kong market's key indicator of blue chips, fell 287.82 points, or 2.8 per cent, to 9,851.93.

SEOUL: Share prices closed higher, buoyed by renewed buying by local individual investors. The Korea Composite Stock Price Index rose 7.39 points, or 1.7 per cent, to 424.45.

TAIPEI: Share prices closed slightly lower on profit-taking. The market's key Weighted Stock Price Index fell 21.32 points, or 0.3 per cent, to 6,957.40.

WELLINGTON: New Zealand share prices closed higher. The benchmark NZSE-40 Capital Index rose 5.27 points, or 0.2 per cent, to 2,028.73.

SYDNEY: The Australian share market closed marginally lower. The All Ordinaries Index fell 8.2 points, or 0.3 per cent, to 2,689.1.

Asian Currency Roundup Most units weaker against dollar

SINGAPORE, Nov 9: Most Asian currencies traded weaker against the dollar today, with short-covering driving the Singapore dollar lower, dealers said, reports AFP.

The Singapore dollar fell to a low of 1.6445 to the greenback before pulling back to 1.6405 mid-morning, down from its close on Friday of 1.6290.

An investment house in Hong Kong was believed to have spurred the sell off on the Singapore dollar, a dealer with a European bank here said.

"There's short-covering on the back of some concern that maybe the recommendations to be released this week will not be enough to help Singapore," the dealer said.

He was referring to the release on Wednesday by the Trade and Industry Ministry of a report on ways to improve Singapore's competitiveness.

The Indonesian rupiah was steady from last week's close of 8,400 to the US dollar, buoyed by the International Monetary Fund's approval of funds.

The rupiah was trading between a narrow range of 8,200

to 8,500 here, the dealer said.

The Thai baht was lower at 36.70 to the US dollar from 36.60 last Friday, the Taiwan dollar was at 32.70 to the US dollar from 36.60 last Friday, the Taiwan dollar was at 32.550 from 32.50 and the South Korean won at 1,313.50 from 1,312.

China to take over military business next month

HONG KONG, Nov 9: China's military-industrial complex faces a shakeup next month, as the defence sector loses control of commercial enterprises ranging from cellular phone networks to karaoke clubs, Hong Kong media reported Tuesday, says AP.

Chinese President Jiang Zemin recently ordered China's military out of the businesses, and the State Economic and Trade Commission will take them over on Dec. 15, according to the Chinese-language daily Ming Pao.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to its clients.

Currency	Selling TT & CO	Buying TT Clean	Selling BC	Buying OD Sight	Buying TT & CO
USD	48.7050	48.7450	48.3100	48.1570	48.0650
GBP	80.9210	79.7840	81.0396	79.5313	79.4124
DEM	29.1280	28.7115	29.1520	28.6206	28.5778
JPY	0.4101	0.4033	0.4104	0.4020	0.4014
FRF	8.7725	8.5158	8.7797	8.4988	8.4761
SAR	35.3661	34.8306	35.4251	34.7203	34.6683
MYR	12.4977	12.3457	12.4610	12.2592	12.2895
AED	13.2976	13.1163	13.3095	13.0748	13.0552
KWD	186.6952	184.7009	186.8321	184.2110	183.9804
QAR	13.4185	13.2320	13.4295	13.1901	13.1704

Bill buying rates:

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
46.8112	46.5191	46.1282	45.7373	45.3463	44.9545

US dollar London Interbank Offered Rate (LIBOR) as of November 09, 1998

Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months	
Cash	46.8850	47.3950	USD	5.33984	5.55055	5.99203	5.22336	5.16735
T.C	46.8850	47.3950	GBP	6.93	6.90	6.9975	6.46875	6.43

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.32/42.33	57.15/57.35	38.50/38.60	3.7997/3.8002	8100/8700	1310/1311

Amex notes on market

USD/BDT market was tight on Monday as most of the international centers were closed due to weekend. USD/BDT mostly traded within range of 48.6490-48.6550.

Call money market was active on Monday. Call rates reached as high as 10% after opening at 7%. The rates later came down to 8%.

The dollar was buoyant in Europe on Monday, after touching its highest level in 5-1/2 weeks against the mark, with the market betting on the completion of an aid package for Brazil in the near future. The dollar is also firm against other major currencies, rising to a two-week peak against the yen, taking it within striking distance of the milestone 120-yen barrier. The dollar rose to 1.6781 marks in overnight trade, up from 1.6712/22 in late European trade on Friday and up by 1.4 per cent from Friday's session low.

The dollar firmer above 2.75 marks, consolidating below \$1.66 amid stronger dollar and expectations that Wednesday's Bank of England quarterly inflation report could paint pessimistic picture of economy.

SD stood at 1.6736/41 DEM, 1.3788/98 CHF, 119.30/35 JPY, 5.6123/33 FRF and GBP was at 1.6588/94 USD at 9:30 GMT.

The following are the Sonali Bank's dealing rates (BD Tk for one unit of Foreign Currency) to public as on 9th Nov '98.

Buying	TT Clean	OD Sight	OD Transfer
US Dlr	48.3500	48.1600	48.0600
GB Pound	79.6961	79.3829	79.2181
D Mark	28.6785	28.5658	28.5065
F Franc	8.5526	8.5190	8.5013
C Dir	31.3388	31.2157	31.1509
S Franc	34.8056	34.6688	34.5968
J P Yen	0.4012	0.3996	0.3988

Selling

Name of Currency	T.T.&O.D.	B.C.
US Dollar	48.7095	48.7490
GB Pound	80.9330	80.9986

D. Mark	29.1908	29.2145
F Franc	8.7043	8.7114
C. Dollar	31.9099	31.9358
S Franc	35.4296	35.4583
J.P. Yen	0.4127	0.4130

A) TT (DDC) US Dollar Spot Buying Tk. 48.2500

B) Usance Rate

30	60	90	120	180
Days	Days	Days	Days	Days
47.831	47.892	47.953	48.014	48.075

Currency Selling Buying

Currency	Selling	Buying
Saudi Rival	12.9892	12.8126
UAE Dir	13.2622	13.0840
Kuwait Dir	161.5840	159.3765
D Guider	26.0967	25.7349
S Krona	6.2449	6.1377
Malay Ringgit	12.8190	12.6470
Sing Dollar	29.0490	29.6392

Reconstruction of W zone railroads to begin shortly

SIRAJGANJ, Nov 9: Reconstruction of the railroads and bridges in the western zone, damaged by the devastating floods, will begin shortly, reports APB.

Officials said ADB representatives had already visited the affected areas and assured assistance for post-flood railway rehabilitation.

Railway's Engineering Department sources said that a total of 21 bridges and 178 kilometres of railines had been wrecked during the flooding.

Damages were estimated at Tk 37 crore. The railway authorities were also deprived of Tk 30 lakh in revenue losses due to disruption in rail transport, the sources said.

Of the damaged railways, 135 kilometres are broadgauge and 43 kilometres metre-gauge. Damaged bridges on broadgauge and metre-gauge lines are 11 and 10.

The western rail authority sought a sanction of Tk 37 crore for the repair and reconstruction works.

S'pore industries urge govt to cut business costs by 30 pc

SINGAPORE, Nov 9: A group representing Singapore industries urged the government Tuesday to slash business costs by about 30 per cent to help them cope with the economic downturn, a reduction considerably higher than the government's expected target, says AP.

Singapore Confederation of Industries president Robin Lau said the government should reduce employers' mandatory contributions to the state-run pension system from 20 per cent of a worker's salary to 5 per cent, and should cut a host of levies and fees.

Lau argued that "what is critically needed are some short-term measures to help local companies tide over until the recovery comes along." Dow Jones Newsreels reported.

The government is expected to announce wide-ranging measures to lighten the burden on companies later this month, targeting mainly wages and the pension fund. It has said it would aim for a 15 per cent overall reduction in business costs.

Prime Minister Goh Chok Tong recently recommended that company contributions to the mandatory pension fund be slashed in half, to 10 per cent of an employee's salary.

A cut in the 26 per cent corporate tax rate, as well as reductions in state-controlled fees and charges, are also among measures that may be adopted.

A recent survey of confederation members confirmed that the high cost of wages and lack of new orders are their greatest concerns, said Lau, though other business costs needed trimming.

"Although high wage costs is the top concern, our respondents have indicated that non-wage costs must also be cut if companies are to survive the economic downturn," he said.

EU okays Toyota's Daihatsu stake buying

BRUSSELS, Nov 9: European Union competition regulators on Monday cleared the purchase by Toyota Motor Corp. of a majority stake in its affiliate, Daihatsu Motor Corp, reports AP.

"The overlap between the product ranges of Toyota and Daihatsu is limited both at overall EU level and in each individual (EU) member state," the European Commission said in a statement.

The Commission has powers to examine major mergers or alliances between companies doing business in the 15 EU nations, even if they involve only non-European firms.

In August, Toyota said it will pay about \$7 billion yen (\$313 million) to increase its share in Daihatsu from its existing 34.5 per cent to 51.2 per cent.

US investors confident of Thai recovery

BANGKOK, Nov 9: A group of high-powered US investors in Southeast Asia on Monday applauded efforts to perk up Thailand's staggering economy, saying they had been assured by top Thai officials that key economic reform packages will soon be approved, reports AP.

After meetings with Thai Cabinet members, including Prime Minister Chuan Leekpai, members of the US-ASEAN Business Council said they were confident in the future of Thailand's economy and promised their companies would continue to invest here and elsewhere in the region.

"We would be quick as observers to applaud the aggressiveness of the reform packages that we see being proposed in front of your government today," said business council chairman George David, who is also chairman and CEO of United Technologies Corp.

Thailand was hit hard by last year's Asian economic crisis, and the proposed economic reform legislation focuses on resolving the massive bad debt of private companies, which is hindering a recovery.

"This is very aggressive, good reform. It's very impressive," David said, adding that Finance Minister Tarrin Nimmanaheminda promised Parliament would pass reform measures in "months, not years."

The US-ASEAN Business

Council is a private organization comprising about 300 US companies with substantial investments in Southeast Asia. David said the five executives in the delegation represented \$300 billion in assets.

The council's lobbying efforts with the US and Southeast Asian governments have concentrated on removing tariffs and other barriers to overseas trade.

More Hong Kongers worried about job losses

HONG KONG, Nov 9: A new survey released today showed a sharp increase in the number of Hong Kong people concerned about unemployment, RTHK Radio reported, says AFP.

The survey, conducted by the Chinese University, found that 87 per cent of respondents were worried about job losses — an increase of 30 per cent from the same time last year.

The poll also found that 80 per cent were concerned about the rising gap between the rich and the poor, while 66 per cent said poverty was a real concern.

A Chinese University spokesman told RTHK that the results showed the Hong Kong government needs to do more to maintain social stability.