

S'pore to require more foreign workers with basic skills

SINGAPORE, Nov 13: Responding to falling productivity in the building industry, Singapore will require all foreign construction workers to pass a basic skills test before they can enter the country to work, a newspaper reported Friday, reports AP.

The government will progressively increase the proportion of foreigners capable of passing the test, which verified construction workers skills such as reading basic drawings and understanding some English, said The Straits Times.

Singapore imports most of its manual labourers from Malaysia, Thailand, India and Bangladesh. About 450,000 people with basic work passes — including maids — live in the country.

From April next year, 50 per cent of all construction workers from abroad will have to pass the test, up from the existing 20 per cent level.

"This proportion will be raised progressively at a practicable rate until the entire construction work force has basic skills at least," Minister for National Development Lim Hng Kiang was quoted as saying.

In August, the government imposed a minimum requirement that 20 per cent of foreigners imported for construction work pass the test. Nine overseas testing centers were created, said the report, and more will soon be set up.

Productivity in the construction sector contracted 5.7 per cent in 1997 compared to the previous year.

The decline is blamed primarily on an industry that is "preoccupied with meeting the voluminous contracts filling its order books" by using larger numbers of unskilled workers, said Lim.

High officials visit KPCL plant

A delegation comprising United States Ambassador in Bangladesh John C Holzman, Board of Investment Chairman Farooq Sobhan, eminent lawyer and former energy minister Dr Kamal Hossain, honorary Consul General of Finland Ziaul Haq and Timothy L Forsyth, Economic/Commercial Officer of the US Embassy, visited the country's first private sector 110 MW large mounted power plant at Goalpara in Khulna yesterday, says a press release issued yesterday.

Chairman of Khulna Power Company Ltd Muhammed Aziz Khan and Vijay Sirse, Director (South Asia) of Coastal Power Company, were also with them. The team expressed satisfaction at the timely implementation of the project.

KPCL chairman showed the visiting delegation the power barges and other associated power plant components like the water cooling system, control rooms, and fuel-handling systems.

Ingmar, the plant manager, briefed the team on the technical aspects of the power plant. Holzman expressed his profound satisfaction over the participation of a US company in the joint venture project.

KPCL is a joint venture of Coastal Power Company, a US based former 500 company, Wartsilla NSD Power Development (Asia) Ltd and two Bangladesh-based firms — Summit Industrial and Mercantile Corporation (Pvt) Ltd and United Enterprises and Co Ltd.

KPCL chairman showed the visiting delegation the power barges and other associated power plant components like the water cooling system, control rooms, and fuel-handling systems.

Australian judge slates banks for luring Asian gamblers

MELBOURNE, Nov 13: A judge launched a scathing attack Friday on Australia's major banks and its biggest casino for what he called the cultural entrapment of poor and vulnerable Asian gamblers, reports AP.

County Court Judge Peter Gebhardt was sentencing five Vietnamese refugees for an illegal scheme which saw hundreds of thousands of dollars fraudulently withdrawn from credit card accounts for gambling.

He said the three men and two women had deposited valueless checks into the credit card accounts and the amounts had automatically been credited by the banks before the checks had been cleared.

But before condemning the five, society should consider its own hypocrisy for luring vulnerable and poor gamblers, Gebhardt said.

He attacked banks, including the National Australia Bank, the ANZ, and the Commonwealth Bank for their readiness to issue credit cards to the gamblers, as well as Melbourne's Crown Casino for luring Asian gamblers.

"The casino, of course, never concealed that its facilities were designed to lure Asian gamblers. The vulnerability of Asians to the temptations of gambling was exploited," he said.

Crown made gambling easy but did not check people's financial resources unless the gamblers were from "the upper echelons of gambling," he said. "The inference is powerful and compelling: let the small, powerless sardines fry but the big game tuna must be assessed, and then hooked," the judge said.

US Trade Representative quits 'exceptionally blunt' meet APEC officials fail to reach tariff deal

KUALA LUMPUR, Nov 13: Senior officials from Pacific Rim countries failed Friday to achieve the goal of a broad package of tariff cuts aimed at expanding global trade, as various countries led by Japan sought to carve out exceptions for politically sensitive goods, reports AP.

A frustrated US Trade Representative Charlene Barshefsky left what she called an "exceptionally blunt" meeting with the Japanese saying the United States was growing "increasingly impatient with Japan on this and a number of issues."

A senior Japanese official, briefing reporters on the talks, quoted Barshefsky as saying, "Clinton and I feel a strong sense of indignation that Japan is not going along with the agreement" reached last year at the summit of leaders of the Asia-Pacific Economic Cooperation summit in Vancouver, Canada, to lower trade barriers in nine areas.

The United States had hoped to achieve broad agreement on a massive package of tariff cuts covering \$ 1.5 trillion in traded goods, ranging from chemicals to medical equipment, as a way

of demonstrating that during the current global financial crisis, the Pacific Rim nations were not turning protectionist.

However, Japan, world's second largest economy, argued that it could not participate in two key sectors — forestry products and fish — because Japanese producers were already struggling with the country's worst recession in 50 years.

Other countries also pushed to exempt specific products or draw out the deadlines for cutting tariffs, arguing that with much of Asia in recession it would be politically difficult to sell faster removal of border tariffs.

The senior officials ended up developing a scaled back package which will be taken up by their bosses — trade ministers and foreign ministers of the APEC countries — at meetings in Kuala Lumpur on Saturday and Sunday.

The Japanese official, who spoke to reporters on condition of anonymity, said that Barshefsky at points became so irritated she beat her pen against a pad and looked like she "wanted to pound a table."

"She berated Japan for not taking a leadership role in Asia," the official said, speaking in Japanese. "She also accused Japan of trying to export its way out of its economic problems."

US President Bill Clinton, who is scheduled to leave Washington on Saturday for the APEC leaders' meeting, and other American officials have repeatedly said that the forum's 21 members must move forward with tariff cuts to show nervous financial markets that the Pacific region is not turning inward.

The impasse on trade issues cast a further cloud over an already troubled APEC summit. With Clinton weighing the possibility of air strikes against Iraq, his administration had been seriously considering cancelling the president's 10-day trip to Asia, which will also include stops in Japan and South Korea.

The Clinton administration has been concerned about the anti-free market positions taken by Malaysian Prime Minister Mahathir Mohamad, the host for the gathering, and

his handling of the firing and jailing of Finance Minister Anwar Ibrahim as well.

Hoping to reduce pressure to eliminate trade barriers and demonstrate that it is doing its part to pull Asia out of a deep slump, Japan on Thursday unveiled a proposed 18 trillion yen (\$ 148 billion) economic stimulus package.

US officials were also working behind the scenes to line up support for proposals to help debt-ridden banks and companies in countries leveled by the flight of frightened foreign investors.

The United States also wants a bigger social safety net for millions of people pushed back into poverty by the Asian crisis.

Malaysian government officials have made it clear that Mahathir will use his prerogative as meeting chairman to push views directly opposed to the free-market approach championed by the United States and the International Monetary Fund.

In a speech Friday to an APEC trade fair, Mahathir called the steps he has taken to insulate his economy from the global turmoil the way to put

Malaysia "quickly on the path of recovery."

He attacked international credit rating agencies, which have downgraded Malaysia's credit rating, as "negative and biased" and forecast that his economy, now in a deep recession, will resume growth by next year.

This is the second APEC summit overshadowed by the Asian crisis, which erupted in Thailand in 1997, and has since pushed several Asian countries and Russia into steep nose dives. It also now threatens Latin American nations.

In September, Mahathir, who has blamed foreign currency traders for his country's economic problems, made it illegal to buy and sell ringgits, the Malaysian currency, outside of the country. He also imposed stiff controls on the withdrawal of foreign capital, an attempt to stop panicked investors from leaving.

US officials argue there is no alternative to the IMF formula of austerity measures to fix flawed economies and restore investor confidence.

At the same time, they have begun to stress the need to be

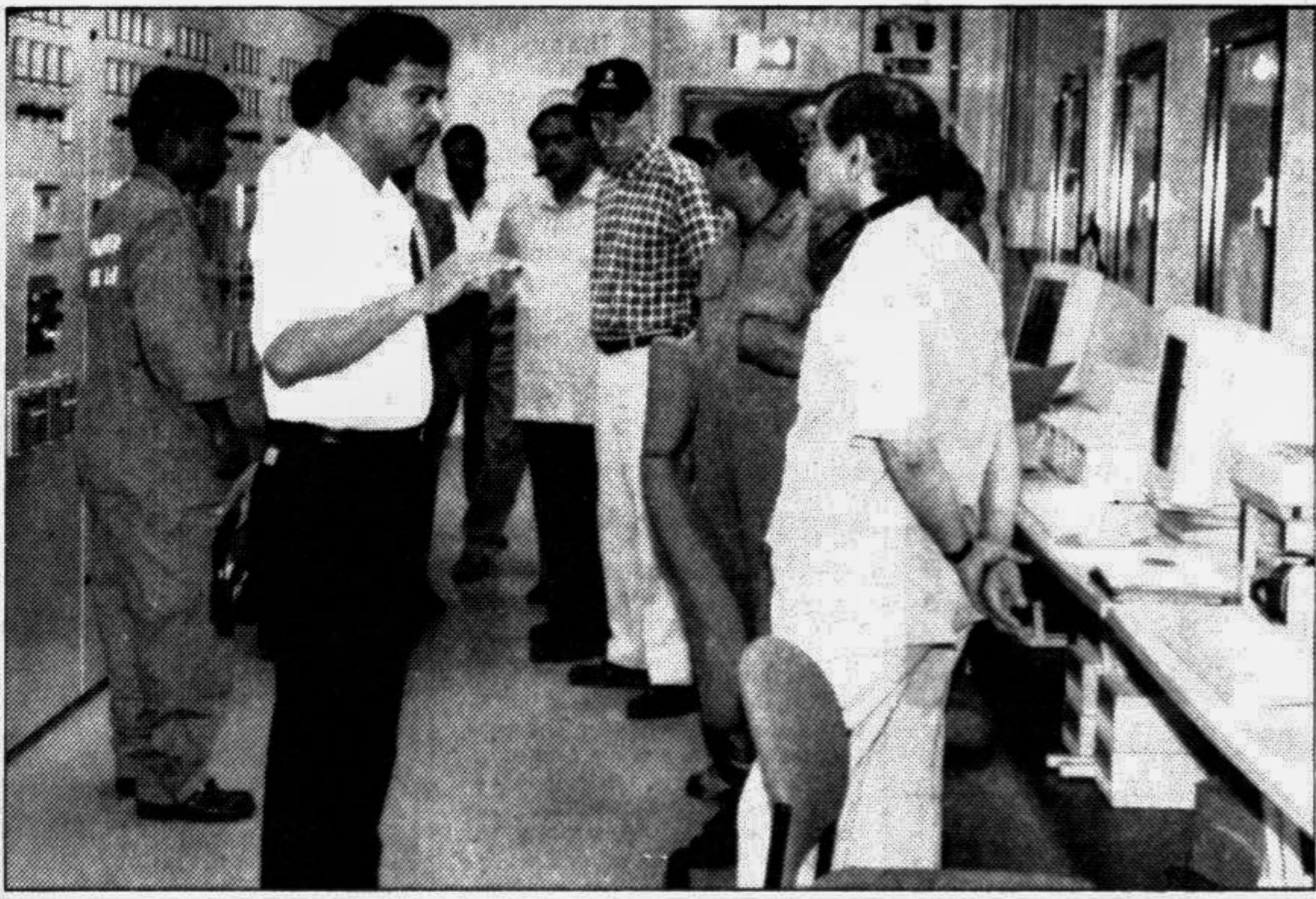
sensitive to the people and bankrupt companies harmed by economic downturns. Already, 40 per cent of the world is estimated to be in recession.

The United States fears that unless some way is found to help the victims of free-market turmoil that their suffering will trigger growing social unrest and embolden other countries to follow Malaysia's lead and close their economies to US corporations seeking investment opportunities.

The United States wants to tap \$30 billion that Japan is offering as aid to its Asian neighbours to pay for Washington's debt restructuring proposals. That has prompted Japanese officials to complain that the United States wants to put up the ideas and have Japan put up the money.

APEC comprises Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Taiwan, Thailand and the United States.

Russia, Peru and Vietnam will join APEC at this summit.



Muhammed Aziz Khan, Chairman of Khulna Power Company Limited, explains to the team about the working of the control room of the power plant at Goalpara in Khulna yesterday. — KPCL photo

Thai premier sees signs of economic stability

BANGKOK, Nov 13: Prime Minister Chuan Leekpai believes that Thailand's economy has become more stable since he took office a year ago, when the country was sinking into its worst recession in decades, reports AP.

Chuan was wary, however, in talks with business reporters late Thursday, in stating that the Thai economy had reached rock bottom and was on an upturn. Nor would he predict when it would recover.

Chuan, perceived as Thailand's most honest political leader, has received mixed marks during his year in office and heads in to the Asia Pacific Economic Cooperation summit in Malaysia next week as a model student for sticking to

austerity measures to revive the economy.

Pundits credit him with generally succeeding in stabilising an economy in free-fall when he took power and restoring Thailand's image abroad. But they say he has failed to take a stern line on corruption within his governing coalition and has left the poor to suffer.

"One year ago, it was a situation of uncertainties," Chuan told his audience, which included top bankers and businessmen. "Currently, you can tell that the situation is changing for the better."

Chuan was appointed by King Bhumibol Adulyadej, the country's constitutional monarch, as prime minister Nov 9, 1997.

New gas field discovered in Thailand

BANGKOK, Nov 13: US petroleum giant Unocal Corp has discovered a new offshore gas field in the Gulf of Thailand, the second found by the firm this year, a statement said yesterday, reports AP.

Unocal Thailand said that on the basis of initial results in the South Gomin field, it is estimated to contain 150 to 280 billion cubic feet (4.5 to 8.4 billion cubic meters) of natural gas.

Three tests registered a cumulative flow of 41 million cubic feet (1.23 million cubic metres) per day from the well.

"South Gomin is a potentially significant new gas-bearing area," a company statement quoted Vice-President of exploration Neil Smith as saying.

Australia backs Thai deputy PM's bid for top WTO post

KUALA LUMPUR, Nov 13: Australia announced Friday that it will back Supachai Panitchpakdi, Thailand's deputy Prime Minister, in the race to head the World Trade Organization (WTO), reports AP.

Tim Fischer, Australia's deputy prime minister and trade minister, made the announcement upon arrival in Kuala Lumpur for the Asia-Pacific Economic Cooperation ministerial meeting.

Fischer said that the role of director-general of the world's trade watchdog would be "crucial" in the international response to present global economic difficulties.

"Supachai has already attracted a wide spectrum of support from WTO members and I am confident he would make an outstanding director-general," Fischer said.

Fischer said key WTO activities next year would be to prepare for a ministerial meeting to decide the shape of further multilateral trade talks, plus resumption of negotiations on agriculture and services.

The new director-general will have Australia's full support in moving these important issues forward," Fischer said.

Fischer said he would be using the APEC meeting during an upcoming tour of Latin America to push Supachai's candidacy.

Supachai, 52, who is also commerce minister and a former president of Thai Military Bank, has the backing of Southeast Asian and some Scandinavian countries in his bid to succeed outgoing WTO boss Renato Ruggiero, an Italian who will step down by April.

Indonesia plans to provide tax holiday for investors

JAKARTA, Nov 13: The Indonesian government is preparing to offer a tax holiday for investors in refinery projects especially outside the main island of Java, a senior official said Wednesday, says AP.

"Indonesia wants to encourage foreign investors, particularly those from the Middle East countries, to develop refineries in Indonesia," Minister of Investment Hamzah Haz said after a meeting with President B J Habibie.

He said the plan, expected to be finalised by the end of this month, will provide tax reductions for 10 to 12 years. Hamzah said 16 investors from the Middle East have expressed interest so far but only one, from Kuwait, has declared a serious intent, to develop a refinery on Selayar Island in southeastern Sulawesi.

Row over banana mkt rules EU, US urged to find peaceful solution

BONN, Nov 13: Germany's foreign traders and the wholesalers' federation BGA Thursday urged the European Union and the United States to find a peaceful solution to the escalating dispute over banana market regulations, says Xinhua.

The saber-rattling is making a solution to the trade dispute increasingly difficult," BGA President Michael Fuchs said in Bonn.

Fuchs called a US announcement of duties to be imposed on a list of European goods as an aggressive step.

But he said the root of the problem was the EU's "Protectionist market" regulations. Since 1993 Europe has favoured African and Caribbean banana exporters to the detriment of Central American banana producers.

Fuchs accused the EU Commission of permitting the dis-

pute to escalate, and he said that from a German point of view, the EU regulations put the central American producers at a disadvantage.

His remarks came two days after Washington published a five-page list of European exports which could be the subject of unilateral US sanctions. The action is meant to signal Washington's anger at Brussels' failure to change its banana import regime.

Reports here said a world trade organisation panel ruled last year that the EU must modify its special preferential import system for African, Caribbean and Pacific exporters because it discriminated against Central American banana producers.

The EU earlier this year changed some aspects of its regime but the US has described the changes as unsatisfactory.

S'pore firms endorse proposal to cut wages

SINGAPORE, Nov 13: Singapore companies have endorsed recommendations from a government-linked council to cut business costs by slashing workers' total income by 15 per cent, news reports said Friday, reports AP.

"At this point in time, a 15 per cent cut in wage costs is enough and appropriate," Singapore National Employers Federation president Stephen Lee was quoted as saying in The Straits Times.

On Thursday, the government-dominated National Wages Council — a tripartite body that also represents businesses and unions — urged a five per cent to eight per cent cut in wages this year compared to 1997, and a reduction in employer contributions to the

mandatory state-run pension fund from 20 per cent of a worker's salary to 10 per cent.

The total cuts equal about 15 per cent of most worker's total income, and are seen as the most direct way to help ailing businesses in recession-hit Singapore.

While the Ministry of Manpower said Friday the government is studying the recommendations, observers expect the measures will be fully adopted when Parliament meets later this month.

The employers federation, which is one of Singapore's most influential business organisations, called on all companies to "make a concerted effort to reduce wage costs" in line with the council's suggestions, according to Lee.

Weekly Currency Roundup

Local Market

For the major part of the previous week (November 8-12), activities in the local forex market was paralysed by a continuous 60-hour strike called by the opposition. The week started with a high demand for dollar as many banks purchased the unit for settlement purposes and in apprehension that Bangladesh Bank's clearing may not take place during hartal.

On the first hartal day, the forex market was inactive and only cheques drawn on Bangladesh Bank were cleared through the clearing house. The following two days of hartal, demand for dollar was high despite limited transactions in the forex market. On Thursday, the local forex market was back into fullswing operation and the high demand for dollar prevailed.

Several banks purchased dollar from BB as the liquidity in the interbank market was not sufficient to meet the demand of local forex market. Dollar-buying by many large nationalised banks, who are the major players in the local forex market, raised the demand for the greenback (US dollar). Many banks had information gap regarding their inward remittances during the week due to strike, but as they were aware of the L/C commitments banks bought dollar, further propping up the demand. In the interbank market last week the dollar traded between BDT 48.6490 and BDT 48.6550.

The activity of the informal market was hampered by the hartal. Demand for dollar was high on Thursday in the Kerb market. During the week, exchange rate for cash US dollar ranged between BDT 48.35 and BDT 48.60.

On November 8, Bangladesh Bank accepted Treasury Bills worth of BDT 5,110 million for 28 days at an average rate of 8.1 per cent. Payment against Treasury Bills of BDT 5,110 million was made on Monday and Treasury Bills of Tk 3,420 million also matured on the same day. On Monday, Treasury Bills payment and absence of fund managers pushed the call rate up to the range of 9 per cent and 10 per cent. For the rest of the week, call money market was quiet as moderate demand ensued. In general, the call rate ranged between 6.25 per cent to 8.5 per cent.

International market

In the international markets, dollar rose against all the major currencies as a result of a combination of political factors and financial developments. During the first part of the week, dollar rose on market expectation that IMF was close on agreeing to a rescue package for Brazil, Latin America's largest economy. Dollar also became strong as tension mounted in the Middle East because of Iraq's refusal to cooperate with the UN arms inspection even though US forces converged on the Gulf. Dollar's gain of more than one per cent against yen was ignited by the market's disappointment that there were no surprises in the economic stimulus measures outlined by Japan's ruling Liberal Democratic Party. During the week, dollar fluctuated about 1.22 per cent against mark, 3.34 per cent against yen and 0.88 per cent against pound.

The highest and the lowest of exchange rates of USD against major currencies during the last week:

Table with 3 columns: Currency, High, Low. Rows include Pound Sterling, Deutsche Mark, Yen.

'US rate cut by Dec inevitable'

SINGAPORE, Nov 13: A quarter of a percentage point cut by the US Federal Reserve in the key Federal funds rate is inevitable by year's end, a leading global economist said Friday, reports AP.

"Either they will ease (the rate on Tuesday) or they will be forced to ease between then and the 22nd of December," George Magnus, chief global economist for Warburg Dillon Read, was quoted as saying by Dow Jones Newswires.

The Federal Open Market Committee next meets Nov 17. Their last meeting this year is scheduled for Dec 22.

But Magnus warned that Fed Chairman Alan Greenspan and his colleagues must move carefully as they act to ease a credit crunch, or risk spurring an investment boom and a potential stock-market bubble.

An easing Tuesday "is hopeful rather than sure," conceded Magnus, who believes that "what Mr Greenspan and the Federal Reserve are concerned about is the credit market."

But if the committee doesn't lower rates on Tuesday, US credit and equities markets will react adversely, he said. This would trigger an inevitable rate cut by the end of the year.

Magnus noted that many of the small and medium-sized companies in the United States, which create the bulk of new employment, were closed off from credit in September. They were the businesses hardest hit by the credit crunch, he said.

The US Federal Reserve last reduced rates Oct 15 in a surprise move between scheduled meetings of the committee. The Fed sliced a quarter of a percentage point off its funds and discount rates, lowering them to 5 per cent and 4.75 per cent respectively.

Nepal should not misuse foreign assistance

KATHMANDU, Nov 13: Nepalese Prime Minister Girija Prasad Koirala stressed yesterday in Pokhara, about 200 kilometres west of Kathmandu, that Nepal should not misuse foreign assistance, says Xinhua.

He made the remarks when formally opening the Seti River bridge constructed under the grant assistance of the Chinese government.

He said that foreign loans and grant assistance are the taxpayers' money and Nepal should make good use of it.

Donors including the World Bank and the Asian Development Bank has complained about inappropriate use of their assistance by the Nepalese government.

The prime minister expressed his appreciation over China's cooperation in the development efforts of Nepal, especially in the areas of road, hydropower, water resources and industry.

With the completion of the 196-metre-long and 9.5-metre-wide Seti River bridge, China has helped Nepal complete 25 projects including roads, irrigation facilities, hydropower plant, leather factory, paper mill and conference hall.

The construction of the Seti River bridge, with a total investment cost of 4.9 million US dollar, began in December 1996 and completed in August this year. It was handed over in advance to the Nepalese side on September 20 to meet the heavy traffic during the Dashain festival.

Dollar up against major units in London

LONDON, Nov 13: The dollar rose against other major currencies in London yesterday as investors bought the greenback amid rising chances of US air strikes against Iraq and a rise in oil prices, says AFP.

The dollar was being traded at 122.85 yen from 122.01 yen on Wednesday, and at 1.6830 marks from 1.6794.

An economist at Abn Amro, Ian Gunner, said that the dollar was rising against the yen for two reasons.

First, the Japanese (economic recovery) package made no mention of an elimination of the consumption tax, as rumoured Wednesday, and second if the hostilities did break out in Iraq, and led to a rise in oil prices, Japan would be a loser because it's not an exporter of oil.

The tax cut and spending package will be worth close to 18 trillion yen (144 billion dollars), the largest in Japan's history and the second this year, but investors were disappointed. The Nikkei index in Tokyo's stock market plunged 2.4 per cent.

The dollar was also benefiting from its safe-haven status against a backdrop of tension in Iraq, with Washington edging closer to military strikes against Baghdad to force it to comply with UN weapons inspectors.

A rise in oil prices is also likely to bolster oil-producing countries currencies, including the United States, Britain and Norway.

The pound rose almost one penny against the dollar, boosted also by diminishing expectations of another interest rate cut next month. The Swedish krona fell to 4.7668 against the mark from 4.7460 marks following a cut by the central bank of half-point rate in the lending and deposit rate.

The dollar was being traded at 1.6830 marks from 1.6794, 122.85 yen from 122.01, 1.3870 Swiss franc from 1.3859 and 5.6433 French francs from 5.6327.