

Ministers begin talks

US, Japan still poles apart on APEC tariff cuts

KUALA LUMPUR, Nov 14: Cabinet ministers from Pacific Rim nations met Saturday to discuss a deal to cut tariffs on \$1.5 trillion in global trade, but Japan and the United States remained deeply divided over a key provision, officials said, reports AP.

The United States believes such a step to promote freer trade would send a strong signal that Asian nations are not turning inward, despite their worst economic crisis in 50 years.

But Japan has just as adamantly argued that it is in no position to cut border taxes in two sensitive areas — forestry products and fish — at a time when its economy is in recession.

The dispute between the world's two largest economies comes at an embarrassing time for the Asia-Pacific Economic Cooperation forum, which was created nine years ago to promote free trade.

Leaders of the 21-member forum will meet in Kuala Lumpur on Tuesday and Wednesday for their sixth annual summit, and a tariff-cutting deal would be a landmark agreement for APEC.

The original aim was to have

the tariff reduction in nine sectors effective by 2002, as a start toward APEC's ultimate goal of a free trade area in the Pacific by 2020.

APEC officials who met in Malaysia last Thursday and Friday were unable to resolve disputes over the deal. So on Saturday they turned the issue over to their countries' finance and trade ministers, who were scheduled to meet for two days.

The group was considering compromise proposals that would water down the pact by allowing nations a longer time to cut tariffs, or more flexibility in deciding which sectors to cover.

But the United States and Japan remained at odds on the forum's liberalisation pact, officials said.

US Trade Representative Charlene Barshefsky and Japan's Foreign Minister, Masahiko Komura, met privately just before the ministerial meeting began.

A Japanese government official quoted Barshefsky as saying that not only does Japan refuse to open its forestry and fisheries markets, it also is discouraging other APEC member nations from moving toward trade liberalisation.

Komura repeated that Japan can't cut tariffs on fishing and forestry because they are politically sensitive sectors that could shake the government's political base, the official said on condition of anonymity. Tokyo remains willing to participate in the other seven sectors, he said.

That Foreign Minister Surin Pitsuwan said Japan was not budging during Saturday's talks, and that little progress was made during the morning session. He also said that some officials wanted to turn the discussion away from the stalled free-trade pact and spend more time discussing Asia's financial crisis.

On Friday, Barshefsky insisted the United States was willing to compromise, but said any agreement must include Japanese participation in all nine areas. "Token participation... by the world's second largest economy doesn't cut it," she said.

Mahathir to suggest currency controls

Another report says: Prime Minister Mahathir Mohamad will take his biggest pet peeve to Pacific Rim leaders when he hosts a trade summit next week:

currency speculators.

Mahathir has made it clear that international controls on foreign currency trading will be on the agenda of the Asia-Pacific Economic Cooperation summit next Tuesday and Wednesday.

"We cannot miss even one international forum and let it go without our bringing to their attention the problem raised by currency speculation," Mahathir said in an interview Saturday with the Malaysian government news agency, Bernama.

"We hope to bring forward the economic crisis in Asia and the need for attention to be given to the real reasons for the crisis, which was caused by currency traders," he said.

Mahathir estimates that Malaysia has lost \$150 billion in market capitalisation in the past 20 months.

Mahathir, who boycotted the first APEC summit in 1993 because he objected to APEC's inclusion of large Western economies, said he could not pass up the chance to bring up currency controls.

"If we only attend meetings without getting any benefit, that is such a waste," he told Bernama.

Canada warns against protectionism

Russia, Vietnam, Peru win APEC membership

KUALA LUMPUR, Nov 14: Russia, Vietnam and Peru were admitted today as members of the Asia-Pacific Economic Cooperation (APEC) forum, bringing the grouping's membership to 21, officials said, reports AP.

Estrada, who has been in office for only about four months, said he has even refused speaking engagements to give more time to study for the Asia-Pacific Economic Cooperation forum.

"It takes me up to two in the morning just to review and re-view what I would be saying there because I don't want to cause embarrassment," he said in his weekly radio programme.

"If I make a mistake there, it would not be the president that would be put to shame but our countrymen, and our country, the Philippines; that's why I am making sacrifices."

He said he is new to the job but would be dealing with veteran leaders, including those from the Philippines partners in the Association of Southeast Asian Nations and US President Bill Clinton.

He said one subject he is studying closely is the issue of lowering tariffs in the APEC member countries.

He expressed concern about demands by other APEC nations to lower tariffs on selected products soon.

"They want tariffs to be removed as soon as possible," he said.

with combined trade worth 5.2 trillion dollars, or more than 55 per cent of the world total.

Meanwhile, another reports from Singapore says: Canadian Prime Minister Jean Chretien warned yesterday against the danger of protectionism among APEC members and called for greater transparency in financial systems.

"We want to make sure that none of the countries who are members of APEC will start to become protectionist despite the difficulties that we face at the moment," said Chretien, who is visiting Singapore en route to next week's APEC summit in neighbouring Malaysia.

In his address to Singapore and Canadian businessmen, Chretien also said that APEC has to "spend more time" at its meeting to "discuss the problems of the financial institution."

"This is a major problem and this is a problem that is confronting even Japan," he said.

"We have to compare notes... we have to make sure the system is more transparent, that there is better inspection, that there is more confidence," he added.

Chretien expressed confidence in Asia's capacity to recover from its present financial

crisis and stressed the importance of maintaining "the momentum for trade liberalisation and the reform to financial systems" since the group's last summit in Vancouver last year.

He also called for greater political openness and the respect for human rights in Asia but stopped short of giving details.

"We must accept the fact that prosperity without human progress is meaningless, that without a real commitment to good governance, openness, respect for human rights and the rule of law, human progress is frustrated," he said.

The freedom to express conflicting views frankly is essential to lasting solutions."

The two-day APEC leaders summit will take place against a backdrop of political crisis in Malaysia over the ouster of Deputy Premier Anwar Ibrahim, as well as bloodshed on the streets of Jakarta where security forces have opened fire against students demonstration against Indonesian President B J Habibie.

Chretien and US President Bill Clinton have declined one-to-one meetings with Malaysian Prime Minister Mahathir Mohamad, but the Canadian leader has said he may want to meet Anwar's wife Azizah in Kuala Lumpur.

Bid to deal with worst financial crisis

Draft APEC communique calls for hedge fund transparency

KUALA LUMPUR, Nov 14: Leaders of Pacific Rim countries urge "special urgency" to deal with the region's worst financial crisis in 50 years, including shining more light on the operations of secretive hedge funds, according to a report on a draft of the group's final statement, reports AP.

The draft final communique adopted a somber tone with the leaders admitting the financial turbulence which began 17 months ago in Thailand has been more devastating than anticipated both in its intensity in Asia and its contagion effects around the world.

"The regional financial crisis had economic and social aftershocks more severe than anticipated, and similar problems have appeared in other parts of the world," according to a report obtained Saturday by the

Japanese news agency Kyodo.

US President Bill Clinton, Japanese Prime Minister Keizo Obuchi and other leaders of the 21-member Asia-Pacific Economic Cooperation forum are scheduled to issue the statement at the close of two days of discussions next Wednesday.

Their foreign and trade ministers were meeting Saturday and Sunday to work out compromises in final wording. The biggest issue left unresolved was how far to go in lowering trade barriers in nine sectors covering \$1.5 trillion in global trade.

A US official, speaking on condition of anonymity, told The Associated Press that much of the work had been done to prepare the final communique for the APEC leaders to review, except for the "giant hole in the donut" — the contentious issue

of lowering trade barriers.

The draft communique, according to Kyodo, said the leaders "Welcome the conclusion" of the trade package, but it leaves out any details of what will be in the final package.

On hedge funds, the draft communique says the APEC leaders see an urgent need for the group's countries "to examine the questions of appropriate transparency and disclosure standards for private-sector financial institutions involved in international capital flows, such as investment banks, hedge funds and other institutional investors."

The draft statement calls for creation of a task force to "develop practical proposals in these areas."

Malaysian Prime Minister Mahathir Mohamad, the

chairman of this year's APEC meetings, has been a leading critic of the actions of hedge funds in precipitating the crisis by sparking panicked flight of foreign investors that levelled the economies of a number of countries in Asia and of Russia.

But other countries have also called for greater scrutiny of the operations of hedge funds, largely secretive, risky investment funds that cater primarily to the very rich.

Hedge funds invest in currencies and other financial instruments.

The reported draft communique also gave Mahathir a victory on another issue, the conduct of international credit rating agencies, saying they should be reviewed because of their recent performance.

Estrada broods over what to say at summit

MANILA, Nov 14: Philippine President Joseph Estrada said Saturday he has been cramming in preparation for next week's Asia-Pacific leaders' meeting in Malaysia, reports AP.

Estrada, who has been in office for only about four months, said he has even refused speaking engagements to give more time to study for the Asia-Pacific Economic Cooperation forum.

"It takes me up to two in the morning just to review and re-view what I would be saying there because I don't want to cause embarrassment," he said in his weekly radio programme.

"If I make a mistake there, it would not be the president that would be put to shame but our countrymen, and our country, the Philippines; that's why I am making sacrifices."

He said he is new to the job but would be dealing with veteran leaders, including those from the Philippines partners in the Association of Southeast Asian Nations and US President Bill Clinton.

He said one subject he is studying closely is the issue of lowering tariffs in the APEC member countries.

He expressed concern about demands by other APEC nations to lower tariffs on selected products soon.

"They want tariffs to be removed as soon as possible," he said.



US Trade Representative Charlene Barshefsky shakes hands with Japanese Minister of International Trade and Industry Kaoru Yosano prior to their meeting at a Kuala Lumpur hotel on Friday. The two are in the Malaysian capital to seek a broad tariff-cut agreement before the start of the two-day APEC summit meeting.

Tokyo, Seoul to mull bilateral investment pact

KUALA LUMPUR, Nov 14: Trade representatives from Japan and South Korea agreed to look into ways to strengthen their economic ties, including forming a new investment pact, says AP.

Japan's trade minister, Kaoru Yosano, and his South Korean counterpart, Han Duck-soo, met in Kuala Lumpur late Friday as part of the Asia-Pacific Economic Cooperation forum meeting.

The two leaders agreed to establish a joint study group to deepen economic ties and to consider setting up a bilateral investment treaty, an official from Japan's Ministry of International Trade and Industry said.

Under the proposed pact, the countries would likely drop barriers on cross-border investment, the official said.

Such a treaty would be more effective than a multilateral pact backed by member countries of the Organisation of Economic Cooperation and Development, the official, speaking on condition of anonymity.



The 31st meeting of the Board of Directors of Al Baraka Bank Bangladesh Limited was held recently at its head office. Dr Saleh J. Malaikah, Chairman of the Board of Directors, presided over the meeting. Abdul Matin Khan, Board Vice Chairman, FM Rafiqul Islam, Chairman of EXCOM, Momodu Munu, Islamic Development Bank (IDB) representative and Directors Khalid Bhaiamia, Osman Ahmed Suleiman, MA Khaleque, SS Nasim Afaz Chowdhury, Md. Ashraf Ali, Barrister M. Moniruzzaman Khan, Humayun Kabir, Md. Musharraf Hossain, Md. Azizul Haque, Md. Shahjahan Miah, were among others present in the meeting.

US to contribute \$5b to IMF's rescue package for Brazil

WASHINGTON, Nov 14: The United States is contributing five billion dollars to the International Monetary Fund's rescue package for Brazil. "A strong Brazil makes for a stronger United States," President Clinton said Friday, reports AP.

In a statement issued after the IMF announced the overall 41.5 billion dollar rescue package, Clinton said the world's wealthiest nations agreed last month to support new IMF tools to help countries with sound economic policies ward off the global financial crisis.

Under the terms of the package, Brazil will get about 10 billion dollars in a first installment from the IMF, the United States and 10 other countries when the monetary fund's board approves the plan, probably early next month.

Then, in what IMF officials called an innovative approach that reflected a Clinton proposal, Brazil will get access to a floating second 10 billion dollar installment when it decides it needs it. That could be in January, June or not at all, the IMF officials said.

The idea is to give Brazilian officials as much flexibility as possible so they can react to market developments more quickly.

Before it gets the precautionary money, Brazil has to demonstrate to the IMF and the donor countries that it is pushing through spending cuts to reduce its 65 billion dollar budget deficit and following other IMF-approved economic policies that are part of the package.

At a briefing for reporters at the White House, Treasury Secretary Robert Rubin said he was confident the loan package would be adequate to put Brazil back on track.

Rubin's top deputy, Lawrence Summers, said Brazil's government has support from the public for reforms. Unlike Russia, Summers said, "the Brazilian government has a demonstrated capacity to enforce laws and to collect taxes."

Also, the Brazilian banking system is much stronger than Russia's reflected in more than 40 billion dollars in central bank reserves. "The Brazilian level of reserves is very different than the Russian level of reserves," Summers said.

Rubin said the 5 billion US dollar contribution would be in the form of US government guarantees for loans to Brazil from the Switzerland-based Bank for International Settlements. The guarantees would be made from a special Treasury discretionary fund that was used in 1995 to loan Mexico.

'West trying to jeopardise Myanmar economy'

YANGON, Nov 14: Myanmar military leader Than Shwe has issued a virulent attack on the West, accusing governments of using economic "sabotage" to impose their will on his country, state media reported today, says AFP.

"Some big nations who want to impose their power are trying to jeopardise Myanmar's economy, taking the opportunity at a time when many nations are facing economic problems", senior general Than Shwe was quoted as saying by the New Light of Myanmar newspaper.

The United States and the European Union maintain an embargo on the junta for failing to recognise the sweeping victory of the National League for

Democracy (NLD) of opposition leader Aung San Suu Kyi in 1990 elections and for alleged human rights abuses.

Some economic objectives had not yet been reached due to the efforts of "destructionists" aided by "external elements," he said while on a cross-country tour, referring to the NLD.

Myanmar had, however, made "serious efforts" to "endure and overcome the fluxes of the world's economic problems" and had made progress, said Than Shwe, Chairman of the ruling State Peace and Development Council (SPDC).

Myanmar ministers claimed in interviews with AFP this week that the country's economy was healthy despite Western sanctions and the regional

economic crisis.

However, Western diplomats said the economy had ground to a halt and was suffering from soaring inflation, an almost worthless currency and virtually no foreign investment.

The SPDC is currently carrying out a countrywide sweep against NLD members and has detained hundreds and taken them to government "guest houses." Scores of NLD activists have resigned.

The junta has been holding mass meetings throughout the country in recent weeks to condemn the NLD for demanding the convening of the elected parliament and encouraging economic sanctions against Myanmar.

Insurance firms pledge \$90m for Holocaust victims

LONDON, Nov 14: Six European insurance companies have pledged 90 million dollars to a humanitarian fund for Holocaust victims, in addition to paying wartime insurance claims they owe, says AP.

"We view this as a historic achievement; one that demonstrates the willingness of these insurance companies to bring justice at last to the victims of the most heinous crime of our time," Elan Steinberg, executive director of the World Jewish Congress, said Thursday.

The World Jewish Congress is a member of the newly-established International Commission on Holocaust Era Insurance Claims, which announced the insurance agreement after a meeting in London on Wednesday.

The 90 million dollars pledged to the humanitarian fund was a gesture of good faith, and not necessarily a final sum, Steinberg said in a telephone interview.

In addition, he said, they have pledged to pay whatever liabilities or obligations the commission deems they owe, after a thorough search of their records and their archives.

At issues are the claims of thousands of Holocaust survivors and thousands more of the families of those who died in the Holocaust, who charge that insurance companies refused to honour policies after the war.

The companies — Allianz of Germany, Axa of France, and Generali of Italy, and Zurich Financial Services Group, Winterthur Swiss Insurance Co. and Baloise Insurance Group of Switzerland — put up a further 10 million dollars for the work of the international commission.

"These payments are to be understood as a commitment that the companies stand behind the commission," Philipp Senn, Baloise spokesman said Thursday in Geneva.

He said several working groups were formed, one of which was to work out a procedure for verifying the claims of Holocaust victims.

In addition to the insurance companies and European commission regulators, the commission includes representatives of the World Jewish Congress, the World Jewish Restitution Organisation, the state of Israel, and US insurance regulators.

Steinberg said the humanitarian fund would be used as decided by the commission.

The insurance companies have not disclosed what share each firm is to pay, but it may vary according to how much related business they had during the Holocaust.

ASEAN satisfied with steps to counter currency crisis

KUALA LUMPUR, Nov 14: The Association of Southeast Asian Nations is satisfied with steps that already have been proposed to solve the region's currency crisis, according to trade and diplomatic officials, reports AP.

Asean Cabinet officials said they do not plan to suggest any new measures for inclusion in a statement on the financial crisis to be issued this coming week by the Asia-Pacific Eco-

nomics Cooperation forum.

Seven ASEAN nations are members of the large APEC forum, which is meeting this week in Kuala Lumpur.

The ASEAN officials said the most important issue now is ensuring that enough money is available to cover plans to restructure Asian debt.

In a meeting late Friday to coordinate policies among ASEAN members of the APEC

forum, the ministers said they agreed that various recent proposals, including a Japanese \$30 billion aid package for the region and suggestions by the Group of Seven industrialized nations, should be adequate for solving the regional crisis, Philippine Foreign Secretary Domingo Sison said.

"All these taken together would seem to be a sufficient package," he said. "What's important now is that enough money is available."

That trade minister Supachai Panitchpakdi said he welcomed the G-7's proposals to grapple with recent financial market volatility. The proposals include a new lending mechanism from the International Monetary Fund, and the study of ways to regulate hedge funds.

"I said they should have done this around a year ago," he said. "But at least this is better than nothing. We have to prevent recession or slowdown next year."

Supachai said ASEAN hopes all APEC members will agree to a nine-sector trade liberalisation package that would cover an estimated \$1.5 trillion in global trade. Japan has declined to participate in two sectors, forestry and fisheries.

"Our goal should be to get everyone on board," he said. "If that's not possible, then we have to find a way out. We discussed referring it to the World Trade Organisation," he said.

Onion seed dearth takes serious turn in Jessore

JESSORE, Nov 14: The shortage of onion seeds has taken a serious turn in the 10 southern districts of the country during the current season posing a threat to its yield, reports AP.

A large number of growers in Jhenaidah, Magura, Narail, Khulna, Kushtia, Meherpur, Chuadanga, Bagerhat and Satkhira districts have been facing a serious problem in collecting onion seeds.

Low-quality seeds are being smuggled in from India due to its scarcity in the country and the farmers apprehend that the output will be poor.

Poor supply in the markets, have pushed prices beyond the reach of the poor farmers. They

now have to pay Tk 700-800 per kg for the Indian variety and Tk 1500-2000 a kg for local ones.

The flood-affected growers are very much interested in cultivating onions in their fields to make up huge losses owing to the recent deluge and because of the high price of the agri inputs.

The government has also taken up a massive programme for onion cultivation on 8,200 hectares of land in these districts following huge production shortage in 1997.

Agricultural Extension Department (AED) sources here said that 62,500 kg onion seeds were needed to reach the production target in the current season.

Metal: Weekly Roundup Gold, silver gain ground on possible US raid on Iraq

LONDON, Nov 14: Gold prices rose sharply this week on market uncertainty caused by mounting chances of bombing raids by US-led forces to punish Iraq for its refusal to cooperate further with UN weapons inspectors.

On the London Bullion Market, gold rose to 297.10 dollars an ounce, up 3.10 dollars.

Gold's attraction amid the uncertainty over Iraq also allowed to maintain its value against the dollar, which was also trading higher, a factor that usually pushes gold down.

The metal also benefited from a sharp rise in the Australian dollar, triggering a wave of gold buying.

SILVER: White. Silver prices picked up this week on speculative buying prompted by a shrinking of market supply.

The metal gained five cents to five dollars an ounce on the London Bullion Market.

PALLADIUM AND PLATINUM: Uncertain. The two sister precious metals were stable this week, although there are continuing uncertainties over deliveries from Russia, the top palladium producer and second biggest platinum producer.

Some Japanese traders believe that Russia will carry out a major wave of sales at the end of the year, others, however, say that this is very unlikely.

ZINC: Dull. Zinc suffered

from some profit-taking after the rally seen last week, but traded in a narrow range.

Three-month prices fell by 5.5 dollars to 875.25 dollars a tonne.

Market stocks fell by 5,325 tonnes to 338,550 tonnes.

COPPER: Tarnished. Copper prices fell under the weight of a surge in London Metal Exchange (LME) stocks and global economic conditions that were seen to be unfavourable with regard to future demand for the metal.

GNi trading house said that even if world growth picked up next year, the copper market would be awash with excess supply.

LEAD: Flat. Lead prices showed little sign of change amid low trading volume.

Three-month prices fell by four dollars to 494.50 dollars a tonne.

LME stocks fell by 775 tonnes to 109,350 tonnes.

ALUMINIUM: Rise. Aluminium prices rose slightly on a fall in London Metal Exchange (LME) reserves.

Three-month prices rose by 16.20 dollars to 1,333.50 dollars per tonne after LME reserve fell by 600 tonnes to 525,450 tonnes.

NICKEL: Slide. Nickel prices fell sharply after workers at the Eramet mines in New Caledonia ended their strike action.

Three-month prices fell by 85 dollars to 4,272.50 dollars a tonne.

LME stocks rose by 240 tonnes to 60,564 tonnes.

TIN: Tinker. The tin market remained extremely volatile this week amid rumours that the market was being manipulated by an important market player.

The slide in prices came despite a fall of 685 tonnes in market reserves to 6,960 tonnes.

China turns to Interpol to curb forex flight

BEIJING, Nov 14: China has turned to Interpol to curb disturbing levels of capital flightout of the nation, and recovered 54 million dollars from Malaysia and South Africa, the China Daily reported yesterday, says AFP.

"We are committed to bringing escaped criminals, especially smugglers and swindlers who have fled the mainland with large sums of hard currency, to justice," a ministry of public security official told the newspaper.