

# APEC summit begins amid deep discord

KUALA LUMPUR, Nov 17: Pacific Rim leaders tried on Tuesday to set aside a diplomatic furor set off by the United States and to concentrate on Asia's economic crisis during their annual free-trade summit, reports AP.

But US Vice President Al Gore's decision to sympathise with the anti-government reform movement in Malaysia, the host country, in a speech the night before the summit began appeared to leave deep divisions among some of the 21 leaders.

In fact, Foreign Minister Abdullah Ahmad Badawi, the third Malaysian official to condemn Gore since the speech, said it could put the very heart of the Asian country's democracy at risk.

The action by the US is not to advance the cause of democracy and the rule of law, but to serve its own narrow political agenda," Abdullah said.

Before the first meeting of the two-day Asia-Pacific Eco-

conomic Cooperation summit began, Gore and Mahathir briefly shook hands as the prime minister greeted leaders in the Grand Salon of the lavish Palace of the Golden Horses Hotel.

But Gore and Mahathir quickly separated to talk with the other presidents and prime ministers, as they gathered at the foot of a massive revolving statue of rearing horses.

When the 21 leaders stood together for a photograph in the lush garden with palm trees outside the hotel, Canada's Prime Minister, Jean Chretien, stood on one side of Mahathir, and Prime Minister Jenny Shipley of New Zealand on the other.

Gore stood at the far right end of the group in the pre-arranged lineup.

The leaders then walked around a beautiful manmade lagoon built on an abandoned tin mine, with Gore a few steps behind Mahathir, Gore and Philippine President Joseph

Estrada strolled together, laughing and chatting.

Estrada was the only Pacific Rim leader on Tuesday to defend Gore's comments on Malaysia's political reform movement.

None of the leaders appeared to talk about Gore's speech, or Malaysia's anger over the fact that other top APEC officials had gone out of their way to meet and sympathise with the de facto leader of the country's protest movement, Azizah Ismail.

Earlier in the day, other Asian countries joined Mahathir in criticising Gore for making this the first of the six APEC summits to ever focus on the internal affairs of a member country, or subjects such as human rights.

But Gore defended his speech Monday night to Asian leaders and businessmen in Kuala Lumpur, saying that nations fighting off economic crises must work as hard to promote democracy.

Gore's speech on the eve of

the summit was mostly devoted to the Asian economic crisis, which began 17 months ago. It has decimated Asian economies, spread to Russia and Brazil and led to turbulence on the US and European stock markets.

Gore announced a new \$10 billion support package for the stalled economies of the hard-hit Asian region. Half the money will come from the United States and the other half from Japan, the World Bank and the Asian Development Bank.

In a slap at the United States, New Zealand's Prime Minister, Jenny Shipley, said Tuesday: "It's not New Zealand's style to do a megaphone diplomacy... It's critical that bilateral issues do not get confused with APEC."

US President Bill Clinton had planned to attend the APEC summit, but in the end, he cancelled an expected military attack on Iraq for expelling UN weapons inspectors. Clinton

still plans to complete the last part of the planned Asian trip, including stops later this week in Japan and South Korea.

Mahathir, who has been in power 17 years, is now Asia's longest serving ruler after violent protests in neighbouring Indonesia ended President Suharto's 32-year rule in May.

Malaysia's protest movement exploded two months ago after Mahathir fired and then jailed his former protege and now political rival, former Deputy Prime Minister Anwar Ibrahim.

Anwar was charged with corruption and sexual misconduct — allegations he says are false and politically motivated.

Anwar's trial has been suspended during the APEC summit, but officials from the United States, Canada, Australia and the Philippines have met with Azizah, Anwar's wife, over the last few days to voice their support.

They also have expressed concern over reports that An-

war was beaten in prison and over whether his trial would be fair. This has delighted Azizah and infuriated the Malaysian government.

Two protests, one involving thousands of pro-Anwar supporters, have occurred since the APEC meetings began last week, one turning violent. But no big protests have occurred this week.

On Tuesday, Malaysia's education minister, Najib Tun Razak, said he was outraged by the American vice president.

"We reject Al Gore's speech," he told reporters. "This is clearly meddling in our internal affairs, which we find an absolutely intolerable state of behaviour and unbecoming of a leader of the United States."

Several other APEC officials also seemed unhappy.

"In APEC, we should concentrate on APEC matters. We should leave the domestic matters alone," said Goh Chok Tong, Singapore's prime minister.

## US, Japan propose \$10b fund to fight Asian crisis

KUALA LUMPUR, Nov 17: The United States and Japan announced proposals Monday night to pump an additional \$10 billion into troubled Asian economies to help lift the region out of its worst economic crisis in decades, reports AP.

President Clinton and Japanese Prime Minister Keizo Obuchi said in a joint statement that the new effort would reward the economic reforms Asian nations have instituted to deal with the crisis.

The major challenge they face today is restarting growth as quickly as possible," the two leaders said in a statement issued here as well as the capitals of both nations.

The package of proposals would include \$5 billion in new support offered by the United States, and the creation of a new \$5 billion joint initiative supported by the United States, Japan, the World Bank and the Asian Development Bank.

US Vice President Al Gore, who was attending an economic summit in place of Clinton, told a business audience Monday that the new effort would help to achieve the goal of instituting a sustainable economic recovery in nations plunged into

recession by the 17-month long financial crisis.

"Just as our nations built an economic miracle for this region, now we must build an economic recovery," Gore said. "I assure you that the United States is determined to remain a strong partner — both for the sake of jobs and growth in our own country, and for the sake of freedom and prosperity around the world."

According to Gore, the new \$5 billion in US support includes \$1 billion each in loans to Indonesia, Thailand and South Korea, the three countries hardest hit by the Asia crisis. The remaining \$2 billion will provide loan guarantees through the US Overseas Private Investment Corporation to support private business deals.

"We want to do all we can to encourage trade and investment here, so American businesses can be an active partner in your growth and recovery," Gore told the meeting of business leaders held on the eve of the start of the 21-member Asia-Pacific Economic Cooperation summit.

Gore repeated US insistence that Asia will not be able to recover unless Japan does more to revive its own economy and

deal with its troubled banking sector.

Because of legal restraints, the United States is not providing any direct financial support to the \$5 billion joint initiative. The exact amounts that Japan, the World Bank and the Asian Bank will put up for this have yet to be determined.

A senior US official, briefing reporters on condition of anonymity, said that Thailand and Indonesia were likely to be the first countries to qualify for the new \$5 billion fund, which Clinton and Obuchi said would be called the Asia Growth and Recovery Initiative.

The package of new proposals follows an offer last month by Japan to provide \$30 billion in credit to ailing Asian economies.

Gore's speech also made a direct reference to the troubles that have erupted in Malaysia since Prime Minister Mahathir Mohamad fired and jailed his deputy prime minister, Anwar Ibrahim.

Gore said that there were growing calls for democracy among many nations.

"We hear them today — right here, right now — among the brave people of Malaysia," he said.

## Leaders may call for review of rating agencies

KUALA LUMPUR, Nov 17: A statement issued by Pacific Rim leaders likely will include a call for the study of credit-rating agencies and their influence on global capital flows, an official familiar with the statement said Tuesday, reports AP.

The call won't lead to the regulation of ratings agencies, said the official, who asked not to be identified. Instead, it reflects a "gesture" of deference to Malaysia, which is hosting the annual Asia-Pacific Economic Cooperation leaders' summit Tuesday and Wednesday.

A final declaration from the 21 leaders will be read at the end of the summit Wednesday. Malaysia has blamed currency traders and ratings agencies for sparking the Asian financial crisis, and has called for tighter regulation of them. The United States opposes that stance.

In a speech at APEC Tuesday, US Vice President Al Gore said: "Our challenge is to build a foundation for more stable and sustainable capital flows — not to halt or control the flow of capital, but to make sure it is used wisely and effectively, in the most productive ways possible."

## Filipinos protest US-led package

MANILA, Nov 17: About 200 protesters demonstrated Tuesday outside the US Embassy against an economic rescue package the United States proposed on the eve of a meeting of Asia-Pacific leaders in Malaysia, reports AP.

The protesters, shouting "Junk APEC" and "APEC is a scourge," marched to the seaside embassy from a nearby park. Some of them spat and stomped on an American flag.

Crispin Beltran, chairman of the left-wing May One Movement, said the Asia Pacific Economic Cooperation forum "merely serves to tighten the already stifling stranglehold of big business on labour."

"The Philippines should cut itself off from APEC," he added. Beltran said the trade liberalisation and globalisation being promoted by APEC have only led to unemployment, rising commodity prices and lower wages in the Philippines.

Teodoro Casino, vice chairman of the New Patriotic Alliance, said APEC is just a "meeting of exploiters and oppressors... discussing how they can better take advantage of people, and the exploited people worldwide should unite against their plan."

Casino also criticized President Joseph Estrada, a former actor, for participating in APEC.

"He thinks the APEC is like a movie, where he only needs to memorize the script and be able to deliver his dialogue very well to be hit in the conference," said Casino. "But in Manila, he will surely be booed for APEC is a big mistake."

On Monday, US Vice President Al Gore announced a new \$10 billion support package for the stalled economies of the hard-hit Asian region. Half of the money would come from the United States and the other half from Japan, the World Bank and the Asian Development Bank.

The economic crisis, which began 17 months ago, has devastated many Asian economies, spread to Russia and Brazil and led to turbulence on the US and European stock markets.



Leaders of the Asia Pacific Economic Cooperation (APEC) enjoy a walk in the garden of Palace of Golden Horses in Kuala Lumpur Tuesday. Global economic stability and trade liberalisation are main agenda of this year's summit meeting. From right: Mexican President Ernesto Zedillo (unidentified), Vietnamese Prime Minister Phan Van Khai, Thai Prime Minister Chuan Leekpai, Malaysian Prime Minister Mahathir Mohamad, Canadian Prime Minister Jean Chretien, Chinese President Jiang Zemin, Sultan Bolikiah of Brunei, and Chilean President Eduardo Frei. — AP/UNB photo

## US vice president warns Ailing Asia can't bank on US market for recovery

KUALA LUMPUR, Nov 17: Turmoil-wracked Asian economies cannot expect to use the US market to export their way to recovery, US Vice President Al Gore warned yesterday, reports AP.

"I want to make one point crystal clear, the United States cannot be the importer or only resort," Gore told the APEC business summit on the eve of the summit Tuesday of the leaders of the 21-member Asia Pacific Economic Cooperation forum.

Gore said all developed countries — whether in Asia, Europe or the Americas — "must play a role, and keep tearing down trade barriers." In the end in this global economy, protectionism will only protect us from prosperity itself," he said.

Gore said expanded trade was a cornerstone of economic recovery and "we must take great care to ensure that what began as a global financial crisis does not become a global trade crisis."

"I urge you to consider what

has happened to Asian exports to America. They have gone up dramatically and other major industrial economies have not absorbed nearly as much," he said.

Gore told the business leaders the United States and Japan had agreed on a joint initiative to revive the Asian banking system.

Substituting for President Bill Clinton, who cancelled his trip to the APEC to concentrate on the Iraq crisis, he said the initiative would "help nations obtain the financing to revive their banking systems and remove obstacles to serious restructuring."

"There is a reason recovery must begin with the removal of obstacles to private sector growth," Gore said, adding, "Ultimately, our best hope is to allow free markets to work their magic."

He said short-term recovery demanded "we revitalise the region's financial system."

"That means lifting the mountains of bad debt that are

crushing many banks and corporations throughout the region — leaving them struggling to pay workers and creditors, and leaving them unable to secure the financing."

He also said the United States would provide additional financial assistance to crisis-hit Asian economies totalling 5.0 billion dollars.

The EX-IM Bank "will now provide an additional 1.0 billion dollars. Medium-term financing each for Indonesia, Thailand and Korea augment existing short-term programme in these countries and help them meet their needs while at the same time encouraging trade between our nations."

The Overseas Private Investment Corp. would provide more than 2.0 billion dollars in insurance and financing "to support new private investment in Asia," Gore said.

But Gore cautioned that once the region's private sector was free to grow it must rise to the responsibility that comes with that opportunity.

## Japanese central bank sees economy still deteriorating

TOKYO, Nov 17: Japan's credit crunch has begun hurting the country's larger companies and stagnant consumption is forcing businesses to cut production, the Bank of Japan said in its monthly report Tuesday, reports AP.

The bank said overseas funding for Japanese banks has improved since fears of a worldwide credit crunch have receded, but domestic financial markets are hampered by funding problems of banks and companies.

The cautious lending attitude by banks, due to their own troubles and those of borrower companies, "seems to be adversely affecting not only small and medium-sized firms but also large ones," the BOJ said.

As companies move to secure on-hand liquidity for the calendar and fiscal year-ends by restraining spending on capital investment, the BOJ said, "The move to scale back on capital investments can spread over to larger companies, in addition to smaller firms."

The development of severe corporate financial conditions toward the year-end and their influence on the economy continue to warrant careful monitoring," the BOJ said.

The central bank further downgraded its assessment of private consumption, noting that weakness in consumption has become more conspicuous.

With demand weak, companies have cut back production "substantially," as the ratio of inventory to sales remains high

and corporate profits continue to worsen, the BOJ said. Employment and income conditions have also deteriorated, it added.

"The economy is hardly expected to recover immediately, judged from the strong negative interactions and the constraints from corporate finance," the BOJ said. "More-over, the appreciation of the yen since early autumn may exert pressures on corporate profits for the latter half of the fiscal year."

The continued decline in wages and the yen's rise since early autumn will "exert downward pressure on prices," the BOJ said. "The decline in prices, especially in wholesale prices, may somewhat accelerate in the future," it noted.

The BOJ said, however, that it expects the economic deterioration to moderate gradually due to the government's economic stimulus package released in April and the monetary easing in September.

The BOJ said it is closely monitoring the effects on corporate and household sentiment of the government's 24 trillion yen economic package announced Monday and the bank rehabilitation scheme established last month to strengthen banks' capital bases.

**Business leaders hail stimulus package**

AFP says: Japan's business leaders yesterday hailed Tokyo's latest stimulus package but

said they were disappointed tax cuts might be delayed.

Premier Keizo Obuchi Monday unveiled a record-sized stimulus packages worth more than 23 trillion yen (189 billion dollars), and pledged it would bring growth in the year starting April 1999.

"Given the size of the package, we can expect it to be very effective," said Kosaku Inaba, Chairman of the Japan Chamber of Commerce and Industry.

"We welcome the financial assistance to small and mid-sized firms that are struggling with a credit crunch, we want the government to give the priority to increasing jobs and bringing a recovery."

If the government were to implement the package swiftly the Japanese economy could begin to recover from its worst post-war recession within one or two years," said Jiro Nemoto, Head of the Japan Federation of Employers' Associations, or Nikkeiren.

"We welcome the government's determination to bring back the economy to a recovery," said Jiro Ushio, Chairman of the Japanese Association of Corporate Executives.

Economists in Tokyo are far more pessimistic and say the economy will shrink next year despite the package, which focuses too much on unnecessary public works projects.

The stimulus plan is based on huge public works spending worth more than 17 trillion yen and income and corporate tax cuts worth more than six tril-

lion yen.

Business leaders, however, were quick to warn tax cuts should be implemented immediately under the package the cuts will not pass through the diet or parliament before the end of the year.

"The government must implement tax cuts in January

next year in order to spur consumer spending," Nikkeiren's Nemoto said.

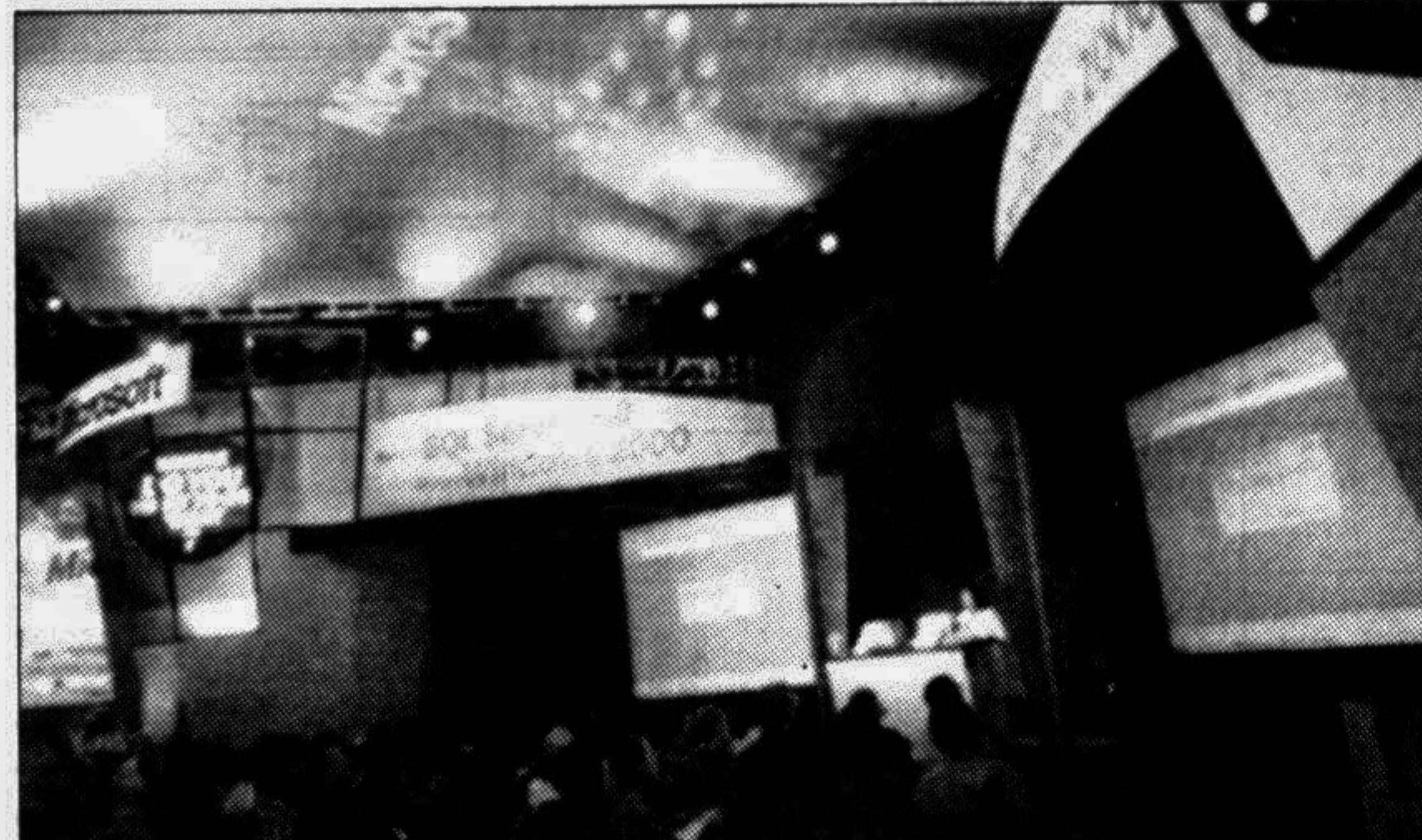
It is too late for the government to incorporate the tax cuts for the budget in fiscal 1999, starting April next year.

If tax cuts were delayed their much-needed economic boost would also be delayed, said

Ushio from the Corporate Executives Association.

"It is disappointing to see there is little progress made on actual implementation of tax cuts."

"Even if the government cuts taxes in January, it will take some time until we see positive results."



Visitors to the Comdex computer convention Monday in Las Vegas, participate in a seminar on Microsoft Windows 2000 at the Las Vegas Convention centre. — AP/UNB photo

## Exchange Rates

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

Currency	Selling TT & CO	Buying TT Clean	Selling BC	Buying OD Sight	Buying TT & CO
USD	48.7050	48.3100	48.7450	48.1570	48.0850
GBP	81.8244	80.6294	81.8916	80.3740	80.2539
DEM	29.2452	28.8177	29.2892	28.7284	28.6835
JPY	0.4009	0.3940	0.4012	0.3928	0.3922
FRF	8.7869	8.5293	8.7940	8.5023	8.4992
SAR	13.0210	12.8457	13.0317	12.8050	12.7899
MYR	12.8191	12.7142	12.8288	12.6738	12.6549
AED	13.2972	13.1167	13.3081	13.0751	13.0556
KWD	168.5294	153.8535	168.6678	153.3992	153.1369
QAR	13.4174	13.2302	13.4284	13.1893	13.1696
SFR	35.5122	34.9439	35.5414	34.8333	34.7812
CAD	31.7069	30.8276	31.7330	30.7300	30.6841
ITL	0.0314	0.0276	0.0316	0.0275	0.0274
AUD	31.2443	30.0005	31.2699	29.9065	29.8608
BEF	1.4204	1.4040	1.4216	1.3995	1.3974
HKD	6.3022	6.2261	6.3044	6.2427	6.1971
SGD	30.0908	29.109	30.1155	29.0172	28.9738

**Bill buying rates:**

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6997	45.8945

**US dollar London Interbank Offered Rate (LIBOR) as of November 17, 1998**

	Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
Cash	48.0850	48.7050	USD	5.27	5.41	5.21875	5.41	5.11
T/C	48.0850	48.7050	GBP	7.02	7.02	6.75	6.55	6.5

**Exchange rates of some Asian currencies against US dollars**

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.44/42.465	53.80/53.95	36.33/36.38	3.8000/3.8010	7400/7500	1304/1314

**Amex notes on Tuesday's market**

USD/BDT market was moderately active. USD/BDT mostly trading range was between 48.6500 and 48.6550.

Call money market was active. Call rates opened at around 8.00% and then came down to even 7.00%. In the call market, most of the deals were done around 7.00%-7.75% level.

The US dollar was higher against the yen by late Tokyo trade on Tuesday after Moody's Investors Service downgraded Japan's credit ratings. But the greenback pared gains on profit taking, as operators lightened their positions ahead of the US Federal Reserve's Federal Open Market Committee (FOMC) meeting on later part of Tuesday, which is widely expected to agree on a cut in the federal funds rate.

In the early Europe trade, the dollar fell against the yen after a report in the Washington Post, quoting Federal Reserve officials, who commented that the strong dollar was depressing US exports to regions facing financial crisis in Asia and Latin American countries would likely to be in recession, undermining US economy. After the report the market expectations swung in favour of an interest rate cut emerging from today's FOMC meeting.

The Indian rupee ended weaker on Tuesday against the dollar at 42.44/42.47 versus its previous close at 42.35/42.36.

At 1711 local time in the international market the USD traded at 1.6622/6627 DEM, 119.80/119.90 JPY, 5.5745/5755 FRF, 1.3666/3676 CHF, and GBP at 1.6786/6796 USD.

## Shipping Intelligence

**Chittagong port**

**Berth position and performance of vessels as on 17-11-98**

Berth No	Name of vessels	Cargo	L port call	Local agent	Date of arrival	Leaving
J/3	Alam Selar	Wheat(P)	Pena	Angelic	30/10	17/11
J/4	Yasmina	Kaki	SMSL	8/11	18/11	
J/5	Global Bridge	Basa	Rainbow	7/11	18/11	
J/6	Orhangazi	Wheat(P)	Istam	AASS	3/11	22/11
J/7	Pathin	CI	Yang	MTA	6/11	18/11
J/8	Leona	CI	Osaka	Prog	11/11	18/11
J/9	Ocean-1	CI	Yang	SMSL	13/11	20/11
J/10	Golden Virgo	GL	Col	OWSL	13/11	20/11
J/11	Makassar Express	Cont	Col	Baridih	12/11	19/11
J/12	S Pioneer	What(G)	S Hami	LSC	R/A	25/11
J/13	Banglar Robi	Cont	Sing	BSC	R/A	18/11
CCT/1	Kota Singa	Cont	Sing	PHI(BD)	10/11	18/11
CCT/2	QC Teal	Cont	Sing	QCSL	11/11	17/11
CCT/3	Manaslu	Cont	P Kel	RSL	11/11	19/11
RM/15	Abat	Cement	Sing	USTC	9/11	22/11
RM/16	Handy Trader	Wheat(G)	Sing	SST	13/11	21/11
TS/1	Hanes	R Fibres	Hanie	Lufmond	11/11	22/11
RM/1	Vivi	Cbs	Durb			