

Clinton for fast-track Japanese economic repair package

TOKYO, November 20: U.S. President Bill Clinton on Friday pushed for urgent reform of Japan's banking system as he repeated his comments from earlier in the day that a planned economic stimulus package for the country may not go far enough.

Speaking at a news conference with Japanese Prime Minister Keizo Obuchi after nearly two hours of meetings, Clinton supported legislation for Japanese bank reform but said it should only be carried out in a healthy lending environment.

But Clinton was less sure about the 24 trillion yen (\$200 billion) stimulus package passed by the government on Monday.

"I think it is quite good. Whether it will be enough or not I do not know, simply because the prime minister has had to change a policy that was not stimulating the economy."

Clinton also called on Japanese consumers to have faith in their country and start buying more vigorously.

"Average citizens, if they have confidence and they believe in the capacity of this country to meet its challenges, can help by purchasing more of the goods and services, more of the output of Japan, to create more jobs and stabilize this economy."

Clinton reaffirmed the United States' stance that it was in Japan's interests to support open markets but did not elaborate.

He also said he felt it was unfair to pass judgment on the Obuchi government at this point as too little time had elapsed since it took office.

"Today, I believe Japan has -- amidst all the difficulties -- a win-win proposition," Clinton said.

Shock treatment
Earlier in the day, in a polite but uncompromisingly blunt speech, Clinton said Japan's efforts so far to jolt its economy out of an eight-year slide may need to go further.

"With others in the region still struggling, Japan and only Japan can lead Asia back to stability and growth by meeting its own economic challenges, Clinton told a group of U.S. and Japanese executives at an American Chamber of Commerce breakfast.



He urged the Obuchi government to quickly carry out its banking reform legislation and the stimulus plan it unveiled on Monday.

"Indeed, the people here may conclude that even more must be done to jolt the economy back into growth," Clinton said. The U.S. president, who is in

the midst of a five-day trip to Asia, also delivered a tough message on trade, suggesting that there may be a resurgence of protectionism in the United States if Japan is not seen to open up its own markets.

U.S. officials expect the United States' trade deficit to swell to \$300 billion next year from the record \$240 billion forecast for this year because of a flood of Asian imports, and they fear a domestic protectionist backlash.

"The worst thing that can happen is if it appears that

conomic plan."

Call for discipline

The White House has already seen discontent stir in the U.S. steel industry, where manufacturers and unions have filed an anti-dumping suit against Japan, Russia and Brazil over a surge in steel imports.

Clinton referred to a 500 percent surge in U.S. imports of Japanese hot rolled steel during the first eight months of this year, saying this could help undermine American support for keeping U.S. markets open.

"If there is a perception of unfairness, the consensus can disappear," he said.

"It will create in our country the potential for a retrenchment in a way that will not be good for Asia, for Japan or for the United States over the long run," Clinton said.

"We want to keep our markets open but we need fair, rule-based disciplines (trade) expansion and we need to avoid market penetrations that have no relationship to market factors."

Warning shot to North Korea

Obuchi and Clinton also discussed concerns over North Korea's moves towards developing a facility suspected of being used to construct nuclear weapons.

Clinton said that North Korea discussed "completely unacceptable" conditions for inspecting the large underground facility.

North Korea has asked the United States to pay \$300 million for the right to inspect the site, a senior U.S. official said in Washington on Thursday.

— CNN Internet

Microsoft violates laws: Japanese watchdog

TOKYO, Nov 20: Japan's Fair Trade Commission has ordered Microsoft Corp. the world's largest software maker, to stop engaging in unfair business practices which violate the country's anti-monopoly laws, a commission spokesman said Friday, reports AP.

The warning, which came after an investigation began in January when officials raided Microsoft's Tokyo offices, came as the Redmond, Wash.-based company faces similar allegations against it in a high-profile case in the United States.

If Microsoft contest the finding announced on Friday, the government trade commission may take legal action against the company to enforce the ruling, said FTC spokesman Kanichiro Nakanishi.

The FTC found Microsoft and its wholly-owned Japanese subsidiary had bundled software pre-installed in personal computers in a way that put competitors at a disadvantage, the spokesman said.

Microsoft's Windows operating software controls the basic functions of 85 per cent of the world's personal computers.

Britain, Germany will work together to create jobs

LONDON, Nov 20: Britain and Germany announced Thursday that they would work together to promote job creation and economic enterprise, says AP.

Britain's Treasury chief Gordon Brown met with German Finance Minister Oskar Lafontaine, then announced that a new joint working group on economic reform and job creation would consider such issues as training and education, venture capital and research and development.

It was the first time the men have met since the selection in October of the new socialist German government, and Brown called the talks "constructive."

But he said there were also areas of disagreement. In particular he underlined Britain's opposition to any move towards European Union tax harmonisation.

There are issues where there is discussion like tax harmonisation where we have taken a different view," Brown said.

Treasury officials had stressed that Brown would use the meeting to make clear Britain's determination to resist any measures that would raise costs for business or would damage investment and jobs.

Lafontaine said despite their differences, Labour Minister Tony Blair's "strong government and the centre-left German coalition were very close on many issues."

The differences are not as big as they have been described, he said.

They had agreed that unemployment in Europe was too high and that the main priority had to be job creation, he said.

The two men also discussed measures to help the central American countries devastated by Hurricane Mitch.

Primakov against money printing

MOSCOW, Nov 20: Prime Minister Yevgeny Primakov said yesterday that the rouble would become almost worthless if his government tried to print its way out of its chronic cash crisis, Russian news agencies reported, says AFP.

Speaking in the eastern Siberian town of Khabarovsk, Primakov said that Moscow would have to keep a tight rein on money printing or risk a fresh rouble slide. The rouble has slid sharply in recent days to 17.2 to the dollar Thursday from close to 15 less than two weeks ago.

"We cannot indulge in uncontrolled emissions (money printing), otherwise all the payments in transfers (to regions) and wages will end up being practically worthless," Primakov warned in comments carried by Itar Tass.

"The government will, therefore, target its payments, primarily on public sector wages," he said.

Primakov has promised to pay off a wage arrears bill running up to more than 80 billion roubles (around five billion dollars) by year-end out of a fourth quarter budget which is long on spending and short on income.

To make up the difference, the government is planning on some monetary emissions, but has limited itself to 25 billion to prevent a further rouble collapse.

This sum however will only partly finance a deficit of more than 60 billion roubles, and so Moscow has pencilled in other sources of income, including privatisation and a credit from Tokyo.

Primakov said Russia was grateful to Japan from considering releasing an 800 million dollar credit soon to help ease the strain on the public purse string.

"We are very grateful to Japan which has gone for this on time, while the IMF still dabbles," Primakov was quoted by Itar Tass as saying.

An international Monetary Fund team in Moscow to consider Primakov's budget plans for 1999 which the government is due to fine tune next week.

But IMF officials are highly unlikely to agree to further loans for Russia, analysts say that even if Russia's budget numbers come up to scratch, the Fund is more likely to suggest restructuring some five billion dollars of repayments due next year rather than advance new money.

India plans to sell \$ 1.8 b SOE stakes by Mar 2000

BOMBAY, Nov 20: India plans to raise 70 billion rupees (1.8 billion dollars) in the year to March 2000 by selling stakes in several state-owned firms, news reports said today, reports AP.

The Financial Express said a finance ministry panel had, while setting the target, suggested the pricing be "flexible and pragmatic" and recommended that a reserve price be fixed based on current and recent market conditions.

New Delhi has set a target of raising 50 billion rupees in the current fiscal year to March

1999 from the sale of minority stakes in four state firms. Concor, Gas Authority of India, Indian Oil Corp and Videsh Sanchar Nigam Ltd.

Of these, only the sale of the Concor stake has so far taken place, with the government managing to raise about seven billion rupees (180 million dollars).

Analysts said there was a large question mark over whether the current year's target would be met.

"There are a lot of doubts, the current state elections and the

likely political instability after that, the global market situation ... all cast doubts on whether this year's target will be met," said analyst Devesh Kumar at foreign brokerage ABN Amro Equities.

Kumar said New Delhi might end up raising 20 billion rupees this year at best, with a worst-case scenario seeing it unable to move beyond the Concor sale.

"This year has been better compared to last year when the government was able to raise only about two billion rupees against a target of 70 billion rupees," he said.

Bankers Club says adieu to outgoing BB governor

The majority of people in the country are deprived of bank loans under the existing system which serves mostly the wealthy people," the outgoing Bangladesh Bank Governor Lutfar Rahman Sarkar expressed the view while addressing the farewell and reception accorded to him and the newly-appointed governor respectively at a local hotel Wednesday, says a press release issued in city yesterday.

Dwelling upon the various aspects of banking activities, the outgoing governor said that a lot of improvements had been done over the years for restoring discipline in the banking sector.

"But still a lot remains to be done. A huge amount of outstanding loans still remains unrealised," he said, adding that realisation of loans had become imperative for the overall improvement of the banking sector.

The newly-appointed Governor Dr Mohammed Farashuddin also underscored the need for united efforts to properly develop the sector. He said that he would try hard to better the situation and sought cooperation of all in this regard.

Presided over by Mahabur Rahman Khan, Chairman of the club and the Managing Director of Sonali Bank, the function was addressed, among others, by Prime Bank Managing Director Kazi Abdul Mazid, BASIC Bank Managing Director Alauddin A Mazid, former Managing Director of Janata Bank Md Taheruddin and Utara Bank Limited Managing Director M Aminuzzaman.

— Bankers Club photo



To bid farewell to Lutfar Rahman Sarkar, the outgoing Governor of Bangladesh Bank, and to welcome Mohammed Farashuddin, the BB Governor designate, Bankers Club Chairman of the Club Mahabur Rahman Khan and Secretary M Aminuzzaman are also seen in the picture.

US growth likely to slow to 1pc: PECC Ailing Asian economies may recover next year

SANTA CLARA, California, Nov 20: The US economy is likely to slow further next year but there is hope in 1999 for the battered economies of Asia, according to a Pacific Economic Cooperation Council (PECC) reports issued Thursday, says AP.

US economic growth was expected to slow to one per cent in 1999 from 3.4 per cent this year, Lawrence Krause, coordinator of the PECC Economic Update, told the council's information technology summit.

The US is going to skirt very close to a recession, he said, citing Asia's financial crisis as a main cause.

However, he said the PECC was forecasting that the crisis-hit Asia Pacific economies had bottomed out and were likely to see a slight recovery in 1999.

"It's a mixed picture but there are hopeful signs that the bottom has been reached and that next year, we will see a recovery," he said.

The PECC report forecast that the four economies hardest

hit by the economic crisis — Indonesia, Malaysia, South Korea and Thailand would all contract in 1998, but that all with the exception of Indonesia were expected to recover in 1999.

Thailand was expected to contract seven per cent in 1998 but then grow 0.5 per cent in 1999 Malaysia was to contract 5.0 per cent in 1998, then grow two per cent in 1999 and South Korea was seen contracting 6.4 per cent in 1998 but then growing two per cent next year.

Indonesia's economy was forecast to contract by 14 per cent in 1998 but then growing two per cent next year.

Indonesia's economy was forecast to contract by 14 per cent in 1998 and 2.5 per cent in 1999, the report said.

Krause singled out Thailand and South Korea as countries that had begun reforming the root causes of the crisis that erupted in July 1997.

South Korea was showing signs of absorbing tough measures instituted by the International Monetary Fund.

Russia seeks new IMF terms to repay debt

MOSCOW, Nov 20: The Russian government will ask the International Monetary Fund for new terms to repay the country's debt to the lending organisation, its top economic policymaker announced Friday, reports AP.

Meanwhile, Prime Minister Yevgeny Primakov blamed his reform-minded predecessors for the West's skepticism about Russia's economic recovery plan. In an interview published in the Izvestia daily on Friday, Primakov said western officials were getting all their information on developments in Russia from Russia's liberal reformers who lost power earlier this year.

Reformers did not develop production and the financial collapse of August 17 is their fault, he was quoted as saying.

IMF loans to Russia have been on hold since August, when the government defaulted on its domestic debt and devalued the rouble. The IMF has

been insisting that it will not release any more money until the government comes up with a comprehensive plan to combat the economic crisis and prove that Moscow is taking steps to implement the plan.

First Deputy Prime Minister Yuri Maslyukov was due to meet later in the day with the head of an IMF mission to Moscow, Jorge Marquez Ruarte, to discuss

'Situation in oil sector critical'

MOSCOW, Nov 20: Russia is in danger of becoming an oil importer after years of being one of the world's largest oil producers, a top official was reported as saying Friday.

First Deputy Prime Minister Yuri Maslyukov, who is in charge of economic policy, said oil production has been falling for the past 10 years and urgent action was needed to reverse the decline, according to the Interfax news agency.

NZ optimistic about APEC trade liberalisation

SINGAPORE, Nov 20: Despite limited progress in trade liberalisation at the Asia-Pacific Economic Cooperation forum earlier this week, New Zealand Prime Minister Jenny Shipley said Friday she remains confident APEC will eventually succeed in creating more open markets, reports AP.

"In seeing the pressure mounted over recent weeks for a good trade outcome, some commentators have questioned whether APEC has lost its way," Shipley told a gathering of businessmen in Singapore.

But the Pacific Rim grouping should be able to achieve its goals within about five years, said Shipley, who will chair next year's APEC summit in Auckland, New Zealand.

Meeting in Malaysia earlier

this week, leaders from the 21 countries delayed action on what was to have been its centerpiece to boost trade — slashing tariffs on \$1.5 trillion of goods under the Early Voluntary Sectoral Liberalisation package.

Instead, APEC has sent the contentious plan to the 124-nation World Trade Organisation for resolution following Japan's opposition to two key sectors of the pact.

Shipley played down the disappointing development on Friday, arguing that taking the package to the WTO may broaden the number of countries acceding to the trade plan.

She also stressed that APEC's most pressing concern this year was the regional economic downturn and how to re-

build sustainable growth. She said the conclusions reached at the Malaysian meetings strengthened APEC's worth.

The Asia-Pacific grouping "faces some challenging issues in the coming years, the more so as we seek to reassure and explain to our populations that the benefits of global markets outweigh the risks," she added.

New Zealand will focus on four key objectives at the Auckland meetings, said Shipley: substantive progress in trade and investment liberalisation; a more useful response to the regional downturn; stronger economic institutions in the Pacific Rim; and a broader base of support for APEC.

'World economy teetering on the brink of recession' APEC experts suggest rejection of bureaucratic obstructions

SANTA CLARA, California, Nov 20: Economists from 20 Pacific Rim nations say the world economy is teetering on the brink of recession, but a downward spiral can be avoided if political leaders reject bureaucratic obstructions, reports AP.

"World capital markets are drying up and cutting off liquidity to all emerging markets," economist Lawrence Krause told business and government leaders at the Asia-Pacific Information Technology Summit on Thursday.

Krause presented an economic report prepared for the 21-government Asia-Pacific Economic Cooperation forum that wrapped up in Malaysia this week. During that meeting, APEC leaders delayed action on what was to have been its centerpiece — a deal to boost trade by slashing tariffs on goods worth \$1.5 trillion.

The Pacific Economic Cooperation Council, the only official private observer to APEC, provides financial forecasts for the region that are used by business leaders planning private development in the Pacific Rim.

Intel founder and CEO Andy Grove said the grim forecast is not forcing his company — the world's largest maker of computer chips — to revise its international development plans.

He said leaders around the world should remain similarly open to global commerce.

"There is a tendency to close up borders at a time like this," he said. "But in this economy we either all sink or we all swim."

Grove, who was scheduled to address the summit Friday, said that despite the hard times, APEC leaders should continue to support the electronic commerce's infrastructure — the wiring, telecommunications

systems and other technology that make the Internet and computer networking possible.

"That infrastructure is as necessary today as shipyards and ports were years ago," he said.

The council echoed the advice in its new report to APEC, and said that while the US, Japan and China are driving the economy in the Pacific Rim, "it is to Japan alone to which all eyes are turned in order to divine what is in store for the region."

During the APEC forum, the leaders had tried to produce a comprehensive plan to pull the region out of the financial crisis that began in Thailand in July 1997 and has since spread to Russia and Latin America.

But the leaders' final statement offered no new programs, apart from a \$10 billion support plan announced separately by the United States and Japan.

The economists said they were worried that political dissent in Japan could prevent those support funds from being distributed for banking reforms and government stimulation.

"The fear is that Japan will not pull itself out of stagnation because political deadlock will prevent the money from being spent," said Krause.

The economies most seriously affected by the Asian financial crisis — Indonesia, Korea, Malaysia and Thailand — are all forecast to shrink by five per cent or more this year, said the economists.

China has been least affected, primarily because it is less dependent on the expansion of net exports. Other countries similarly relying on internal sources of demand and making it through the economic crisis include Australia, the US and Vietnam, said the economists.

S'pore economy may improve next year

SINGAPORE, Nov 20: Singapore's finance minister has said economic performance in the recession-hit city-state should be better than expected next year, a newspaper reported Friday, says AP.

"The outlook for 1999 is not as gloomy as we originally thought," Finance Minister Richard Hu was quoted as saying by The Business Times.

Hu said Singapore's falling interest rates, combined with regional economies beginning to bottom out, had started to take the pressure off the island republic's vulnerable economy.

"But anything can happen, we don't know," he warned.

The most recent forecasts from Singapore's economic planners have estimated slight overall growth this year, but a more uncertain performance next year.

The government has predicted gross domestic product in 1999 somewhere between a one per cent contraction and one per cent expansion compared to this year.

But on Thursday, Hu pointed to the general easing of credit in Singapore over the last few months, and said this trend "seems likely" to continue, "which I think is fortunate for everyone."

"The latest round of rate cuts has led to a prime rate at major banks of around 6 per cent, down 1.5 percentage points since mid-September. Analysts expect prime rates to slide below five per cent by the middle of next year."

The rate cuts make it easier for businesses to raise capital and relieves the burden of mortgage payments on homeowners.

He added that the falling rates should mitigate imminent wage and pension cuts that will be the main component of a 10 billion Singapore dollars (six billion dollars) business cost cutting package from the government.

Hu was also optimistic about Singapore stocks and property markets, which are "both beginning to firm up."

On Thursday, the benchmark Straits Times Index rose to a six-month high to close at 1316.55 points.



Taiwanese police stack packets of forged bills of US \$100 and Chinese yuan, part of US \$17.3 million counterfeit currency seized in Taiwan's largest ever such raid in southern Tainan county on Thursday. Two brothers Peng Tah-hung and Peng Tah-hsuan were arrested for forging the currency, which they reportedly planned to use to buy drugs and guns in China to be smuggled to Taiwan for resale.

Asean summit to show way out of financial crisis, hopes host

HANOI, Nov 20: Vietnam said yesterday it hoped that the ASEAN summit, which Hanoi is to host for the first time in December, would show the region the way out of its financial and economic crisis, reports AP.

"More than ever it is necessary for the heads of state and of government to discuss measures to overcome the crisis and to continue the pace of development," Vice Minister of Foreign Affairs V U Khoan told reporters.

"In recent months, the ASEAN (Association of South-east Asian Nations) countries have been seriously affected by the crisis but after the summit, ASEAN will be seen as a region of prosperity, unity and stability and as a reliable partner by the world community," he said.

Khoan said only three of the several dialogue partners of the regional forum would attend the December meeting — Japan, represented by Prime Minister Keizo Obuchi, South Korea by President Kim Dae-Jung and China by Vice President Hu Jintao.

"As host country, we wanted to invite all the representatives of all dialogue partners in Hanoi, but due to technical problems we couldn't realize our wish," Khoan said.

Chinese President Jiang Zemin was unable to work the summit into his schedule, Khoan said. A diplomat posted in Hanoi said Jiang's no-show would be "a real loss of face" for Vietnam.

Asked about Cambodia's mooted admission, Khoan merely said, "Vietnam wishes

Cambodia to become a member of the ASEAN family, however the decision should be made in conformity with the consensus rule in ASEAN."

Malaysian Foreign Minister Abdullah Ahmad Badawi had said in the margins of the APEC summit in Kuala Lumpur this week that Cambodia's admission would be studied by the Hanoi summit but that it would depend on the emergence of a coalition government in Phnom Penh, an agreement for which has been reached in principle.

ASEAN, formed three decades ago as an anti-communist forum, now has nine members: Brunei, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.