

# Asia's economic prospects remain poor: Analysts

SINGAPORE, Jan 12: Asia's economic prospects remain poor in 1999 although increased efforts at corporate restructuring and strengths in the region's banking sector will offset concerns in the financial markets, analysts from US Investment Bank Goldman Sachs said today, reports AFP.

Further evidence of macroeconomic stability and financial reform are required to restore and sustain Asia's recovery in the next 12 months, said Don Hanna, Director of Asia Economic Research.

"You need to have predictable low inflation, exchange rate predictability and a level of fiscal policy that is

sustainable," Hanna said at a forum organized by Goldman Sachs here.

"Financial reform is needed to get domestic capital flows moving into the economy and this requires restoring financial intermediation, the reduction of leverage and reducing the probability of future panics," he said.

On a quarterly basis, the aggregate Asian gross domestic product growth rate was expected to rise to around three per cent in the three months to March from around negative 15 per cent in the same period a year ago, he said.

What Asia needs to avoid in the near term are an immediate

shift in corporate governance that could trigger unwanted financial panic, a rise in tariff barriers and turbulence from the rest of the world, Hanna said.

Goldman Sachs, in its 1999 issues and outlook for portfolio strategy, said the main risk for Asia's recovery would be the prospects for Japan.

"You have the sharp appreciation of the yen and tightening of monetary conditions (in Japan) in the last few months. This is bad news. With deflation still part of the scene there is no need to tighten the monetary position," said Hanna.

The Japanese government itself has said that it has acted

too slowly in pulling the domestic economy out of a recession stemming from the bursting of the bubble-economy investment boom in the late 1980s.

But Goldman Sachs said that unlike mid-1998, there was less risk of Japan's economic weakness leading to global depression, since the United States and the European Union have eased monetary policies.

Prospects for the recovery of the banking sector, a key factor for Asia's emergence from the regional crisis, are more sanguine said Roy Ramos, Asian banking analyst.

"Many of the mitigating strengths have come to the fore," he said at the same forum.



Alayar Hasanov, Country Manager of Uzbekistan Airways in Bangladesh, and Nadira Alam, Managing Director of Air Parabat, jointly inaugurate the new sales office of Uzbekistan Airways and Air Parabat at the City Heart Building at 67, Naya Paltan on Sunday. Abdullah Al-Faroq, Managing Director of Airspan Ltd, GSA of the two Airlines, is seen among others.

— Airspan photo

## Antitrust trial told Microsoft doesn't wield monopoly power

WASHINGTON, Jan 12: Microsoft's first witness in its antitrust trial told the judge the company does not wield monopoly power over the world's market for computer operating systems, a crucial dispute with important implications for a verdict, reports UNB.

Richard Schmalensee, who once served on President George Bush's Council of Economic Advisers, testified that Microsoft faces competition in the high-tech industry from rivals, software pirates and its own customers reluctant to upgrade to new versions.

Schmalensee also argued that under federal antitrust principles, Microsoft sets prices too low and improves its products too frequently to be described as a monopolist.

"No one . . . could possibly conclude that Microsoft enjoys the quiet life of a monopolist," said Schmalensee, who has worked with the company since 1992.

Schmalensee's written testimony — roughly the size of an urban telephone book at 328 pages — was released publicly Monday. To speed the trial, which began in late October, the judge has asked witnesses to make their sworn statements in advance. The government was expected to begin questioning Schmalensee on Wednesday.

The debate over monopoly power is critical for the gov-

ernment, which alleges that Microsoft illegally bundled its Internet browser software into newer versions of Windows to "crush" rival Netscape, whose own popular browser was a direct competitor.

Government lawyers say Microsoft was motivated by the fear that Internet software eventually might assume many of the roles that Windows performs as the central nervous system of computers.

But many of the government's claims of predatory, anti-competitive behavior hinge on first convincing the judge that the software giant possesses monopoly power.

The most sensible parts of Schmalensee's testimony were excised for the public, such as the actual price for Windows that Microsoft charges to various computer makers. But the economist wrote that a monopolist would charge them prices "at least 16 times" higher than Microsoft's current fees.

The judge closed the courtroom Monday as the trial focused on those prices, among the computer industry's most closely guarded secrets.

The government contends Microsoft sets those prices — typically dirs 45 to 865 — to punish its enemies and reward its allies. It also says price fluctuations among companies help prove that Microsoft wields monopoly power.

## Shanghai's exports up 20pc despite regional crisis

SHANGHAI, Jan 12: Shanghai's numerous foreign-invested exporters helped the city repel the impact of the Asian economic crisis and post 12 per cent export growth last year, the official Liberation daily reported today, says AFP.

The crisis slowed export growth in China as a whole to just 0.5 per cent in 1998 from more than 20 per cent the previous year.

Despite the currency controls, the rouble has weakened by more than 70 per cent since last August, when the government effectively devalued the currency.

The Central Bank set its official dollar rate at 23.06 roubles Monday, up from 22.40 roubles Sunday.

Foreign enterprises' total trade volume rose 12.6 per cent to surpass that of state-owned enterprises, the Chinese economy's traditional backbone, the report said.

Imports and exports by foreign firms totalled 31.9 billion dollars, compared with 28.2 billion dollars by the state sector which saw just 3.8 per cent growth in trade.

Contracted foreign investment in Uhanghai climbed 9.9 per cent last year against a 15.6 per cent fall in China as a whole.

European aircraft consortium Airbus Industrie Managing Director Noel Forgeard gives a press conference in Paris on Monday. Airbus said that in 1998 it had received 556 firm orders for new aircrafts worth \$ 39 billion, up from 460 orders worth \$29.9 billion the previous year.

## Pay hike demanded

# Indian bank employees go on strike

NEW DELHI, Jan 12: Banking operations across India were paralysed today as nearly one million employees of state-owned and foreign banks went on strike for a bigger pay rise, says AFP.

The strike is total, officers as well as workers are on strike not a single bank has opened for business," said Suresh Dhopeshwarkar, Secretary of the Communist-led All India Bank Employees Association (AIBEA).

The one-day strike held up cheque transactions worth and estimated 200 billion rupees (5.1 billion dollars) across the country.

Striking employees marched through downtown Bombay, shouting slogans against management, and later held a public meeting where they vowed to intensify the protest action.

The bank authorities, organised under the Indian Banks Association (IBA), have offered an eight per cent wage rise against a union demand for a 20 per cent increase.

The change had been widely expected since late last year when the controls became instrumental for the Central Bank to manipulate the rupee's exchange rate and prevent it from falling too quickly.

The new rule will be effected Sunday.

While exporters will continue offering half of their hard currency income at special trading sessions of the country main foreign currency exchange, they will sell the additional 25 per cent of their revenues directly to the Central Bank.

The Central Bank also tightened the way the currency controls work. Under the new rules, exporters and the banks that carry out hard currency repatriation transactions on their behalf are required to convert the hard currency revenues within seven working days after the export income was generated, as opposed to a 14-day limit last year.

Despite the currency controls, the rouble has weakened by more than 70 per cent since last August, when the government effectively devalued the currency.

Singapore's gross domestic product shrank during the last half of 1998, confirming that it too had joined the ranks of many other Asian nations suffering from the worst downturn

in decades.

Although initial signs of recovery have emerged in the region, leaders here remain cautious.

"It would be premature to assume that the storm is entirely over and recovery is round the corner," Lee said. "To a large extent, our economic prospects this year will depend on economic recovery in neighboring countries," which he added need "time to restore confidence and return to growth."

The unemployment rate for September was 4.5 per cent on a seasonally-adjusted basis, Lee said. That was almost double June's 2.3 per cent, the low level this nation of 3.1 million people enjoyed for years. Figures for October to December were not released.

Lee said the recent government package to trim commercial costs — primarily by slashing wages and worker benefits — by 10.5 billion Singapore dollar (\$6.3 billion) has already "significantly reduced business costs."

## Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the taka					
Currency	Selling TT & OD	Selling B/C	Buying TT Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	48.7050	48.7450	48.3100	48.1570	48.0850
Pound Sterling	79.5888	79.6542	78.4554	78.2070	78.0900
Deutsche Mark	28.9616	28.9854	27.9610	27.8724	27.8308
Swiss Franc	34.8640	34.8926	34.3330	34.2243	34.1781
Japanese Yen	0.4392	0.4395	0.4313	0.4300	0.4293
Dutch Guilder	25.7039	25.7250	24.8158	24.7372	24.7003
Danish Krone	7.5899	7.5762	7.3920	7.3668	7.3558
Australian Dollar	31.5316	31.5575	30.2855	30.1896	30.1445
Belgian Franc	1.4042	1.4053	1.3557	1.3514	1.3493
Canadian dollar	32.6529	32.6797	31.7286	31.6281	31.5808
French Franc	8.6351	8.6422	8.3367	8.3103	8.2979
Hong Kong dollar	6.2986	6.3047	6.2235	6.2038	6.1945
Italian Lira	0.0233	0.0239	0.0282	0.0282	0.0281
Norway Krone	6.5596	6.5650	6.4482	6.4278	6.4182
Singapore \$	29.3970	29.4212	28.4545	28.3644	28.3219
Saudi Riyal	13.0234	13.0341	12.8474	12.8057	12.7875
UAE Dirham	13.2983	13.3092	13.1170	13.0755	13.0559
Swedish Krona	6.1895	6.1946	6.1105	6.0912	6.0812
Qatari Riyal	13.4174	13.4284	13.2302	13.1883	13.1686
Kuwaiti Dinar	16.6965	16.7066	15.9391	15.4484	15.2174
Thai Baht	1.3404	1.3415	1.3267	1.3224	1.3205
Euro	56.6439	56.6904	54.6869	54.5137	54.4322

## Bill buying rates:

TT	30 Days	60 Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6667	45.8945

## US dollar London Interbank Offered Rate (LIBOR):

Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
48.0850	48.7050	USD	5.00	5.03	5.06	5.09	5.15
48.0850	48.7050	GBP	6.12	5.9375	5.625	5.50	5.4375

## Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak. Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.48/42.53	50.35/50.45	36.22/36.29	3.7998/3.8002	7975/8060	1169/1172

## Amex notes on Tuesday's market

USD/BDT market was very active. The demand for US dollar reached its peak level on Tuesday as supply and demand mismatch created huge gap for dollars in the interbank market.

High import payments caused a temporary shortage of USD in the interbank market which allowed the market makers to support BDT at 48.6550-48.6651.

Call money market was steady and call rates hovered around 4.50% and 5.75%.

The US dollar was sharply higher against the yen in the afternoon trade on Tuesday in Tokyo after apparent intervention by the Bank of Japan (BOJ) to halt the yen's appreciation. BOJ dollar-buying intervention, apparently the first of its kind since August 1995, drove the dollar up by more than three yen from its earlier Tokyo low.

At 0614 GMT, the dollar/yen was at 111.35/45 as compared with 108.60/