

# 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 strengthening 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 emergency 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.

## Russia tightens control on hard currency earnings

MOSCOW, Jan 12: The Russian Central Bank tightened its currency controls by requiring exporters to repatriate 75 per cent of their hard currency revenues, up from the previous limit of 50 per cent, a bank official said Monday, reports AP.

In other words, Russian companies will be allowed to keep only one-quarter of their export earnings in hard currency, with the rest converted into roubles.

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

The new rule went into effect 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.

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



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 Palatan on Sunday. Abdullah Al-Farooq, Managing Director of Airspan Ltd, GSA of the two Airlines, is seen among others.

## 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, 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 sensitive 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 uses those prices — typically \$145 to \$65 — 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.

But Shanghai's exports rose to 37.46 billion dollars, the report said, adding that foreign-invested enterprises had become the 'most important force in Shanghai's trade.'

Increase of 30 and 27.7 per cent, respectively, in sales to Europe and the Americans compensated for a drop-off in demand within the region.

Shipments to Asia fell 0.9 per cent to 17.7 billion dollars, it said.

Shanghai's total trade rose 8.4 per cent to 63.6 billion dollars during the year, with imports rising 3.8 per cent to 26.2 billion dollars.

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 Shanghai 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 Dhopeswarkar, 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 (\$1.1 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.

IBA Secretary Moreshwar Dandekar said negotiations on the salary scale had been dragging on with the unions for seven months.

Their expectations are very high. They started by demanding a 50 per cent rise, but brought it down to 20 per cent. Our offer is based on the resources that are available," Dandekar said.

We have to plough back some of the profits into modernisations. The markets and the economy are sluggish. It is unrealistic to demand a bigger wage rise in these circumstances.

AIBEA secretary Dhopeswarkar said the unions had shown their willingness to compromise, while the management had remained intransigent.

"Prices are rising. We are justified in what we are asking," he said.

"The banks have made good profits last year, if our demands are not met, we will go in for intermittent strikes."

# S'pore layoffs hit record high in '98

SINGAPORE, Jan 12: Layoffs last year far exceeded the previous record high and workers in recession-hit Singapore could face more hard times ahead, a Cabinet minister warned Tuesday, says AP.

About 27,000 employees lost their jobs in 1998, one third more than the estimated 20,000 retrenched during Singapore's last economic downturn in 1985, said Minister of Manpower Lee Boon Yang.

"1999 could be another difficult year for us," Lee said at a careers exhibition. "We must be prepared for employment creation to remain low."

Largely dependent on foreign investment and trade, Singapore's economic fate was sealed when overseas capital was pulled out of the region and the city-state's neighbours plunged into deep recession last year.

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 to clients					
Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight	Buying OD Export Bill
US Dollar	48.7050	48.7450	48.3100	48.1570	48.0850
Pound Sig	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	34.1731
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 Krona	7.5699	7.5762	7.3902	7.3668	7.3568
Australian Dollar	31.5316	31.5575	30.2855	30.1886	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	6.2996	6.3047	6.2235	6.2038	6.1945
Italian Lira	0.0293	0.0293	0.0282	0.0282	0.0281
Norway Krone	6.5596	6.5650	6.4482	6.4278	6.4192
Singapore S\$	29.3970	29.4212	28.4545	28.3644	28.3219
Saudi Rial	13.0234	13.0341	12.8474	12.8067	12.7875
UAE Dirham	13.2983	13.3092	13.1170	13.0755	13.0559
Swedish Kron	6.1895	6.1946	6.1105	6.0912	6.0821
Qatari Rial	13.4174	13.4284	13.2302	13.1883	13.1686
Kuwaiti Dinar	166.9695	167.066	154.9391	154.4484	154.2174
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 Doc	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
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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
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42.48/42.53	50.35/50.45	36.22/36.29	3.7998/3.8002	7975/8050	1169/1172
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Amex notes on Tuesday's market

USD/BDT market was very active. The demand for USD 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 48.6505-48.6515 level. Average USD/BDT rate ranged between 48.6550 and 48.6650. Call money market was steady and call rates hovered around 5.00% 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 108.60/65 in New York late on Monday.

At 7.11 GMT in the international market the USD traded at 112.60/112.80 JPY, 1.4034/4044 CHF, EUR at \$1.1483/1.1488 and GBP at \$1.6289/6299.

## Shipping Intelligence

Chittagong port

Berth position and performance of vessels as on 12.01.99.

Berth No.	Name of vessels	Cargo	L.Port	Local call	Date of arrival	Leaving
J/1	Golden D	Wheat (G)	K.Dia	Lams	R/A	14/1
J/2	Min Jiang	G	Col	Bdship	5/1	13/1
J/5	Samuda	Rice(P)	Kand	Seacom	1/1	16/1
J/7	Prima Cynthia	G	Sing	Prog	29/1	14/1
J/10	Great Fortress	Wheat(G)	K.Dia	OWSL	28/12	19/1
J/11	Banglar Mamata	Cont	Sing	BSC	R/A	15/1
J/12	Prosrich	Cont	Sing	QCSL	4/1	14/1
CCT/1	Budi Amana	Cont	Sing	BSL	3/1	14/1
CCT/2	Kota Cahaya	Cont	Sing	Pil(BD)	1/1	13/1
CCT/3	Acacia	Cont	Sing	RSL	1/1	12/1
CSJ	Anodad Naree	C.Clunk	Indo	Delmure	30/12	20/1
CSJ	Banglar Shobha	Wheat(G)	-	BSC	R/A	14/1
TSP	Qin Ling	R.Phos	Nanj	Seacom	4/1	14/1
RM/5	Eburna	Hsd	Sing	ECSL	1/1	13/1
DD/1	Tanary Story	Idle	Para	PSAL	-	31/1
RM/8	Al Muztuba	Repair	-	CLA	R/A	15/1
CUTL	Al Swamru	Wheat(G)/Idle	K.Dia	ASLL	R/A	-

Vessels due at outer anchorage

Name of vessels	Date of arrival	L.Port	Local call	Cargo	Loading	Port
Nadel Horn	12/1	P.Said	Ancient	Wheat(G)	-	-
Superitas	12/1	Ilye	Litmond	Mop	-	-
Anshun Jiang (48) 3/1	14/1	-	Bdship	G	-	-
Meloi	13/1	P.Said	Ancient	Wheat(G)	-	-
Banga Biri (Cont) 10/12	13/1	Sing	Bdship	Cont	-	Sing
Kim Dong	15/1	-	MSL	Rice	-	-
Island Princess (48) 6/1	15/1	Cal	CLA	Rice(P)	-	-
Tea Dong Gang	15/1	-	PSAL	Cement	-	-
Abuja (Cont) 4/1	13/12	Col	Baridhi	Cont	-	Col
Asian Century (Rior)24/12	13/12	Col	IF	Vehi	-	-
Coral Hero (48) 27/12	13/1	-	Everett	G	-	-
Bunga Maslapan (Cont) 6/1	14/1	-	EOSL	Cont	-	Sing
Gomatin Naree	14/1	-	Prog	G	-	-
Ocean-1	15/1	Yang	SMSL	GI(Log)	-	-
Nazlig	15/4	Mong	MBL	Urea	-	-
AA Venture	22/1	-	CLA	Rice(P)	GI	-
Kota Naga (Cont) 5/1	15/1	Sing	Pil(BD)	Cont	-	Sing
Qc Pintail	16/1	Sing	QCSL	Cont	-	Sing
Hexagram	16/1	-	Sinni	Scraping	-	-
Banglar Urmi	17/1	Male	BSC	G	-	-
Xpress Resolve (48) 4/1	17/1	-	Everett	G	-	-
Budi Teguh 10/1	17/1	Yang	SMSL	G	-	-
Yasmina	17/1	Yang	SMSL	G	-	-
Arktis Blue 11/1	19/1	Hazi	RSA	G	-	-
General Mojica	17/1	Sing	Dolphin	R Seed	-	-
Banglar Groub	18/1	Kara	BSC	Rice(P)	-	-

Vessels at Kutubdia

Name of vessels	Cargo	Last port	Local call	Date of arrival
Sea bulk Command	-	-	-	R/A(22/12)
Anton Topic	Wheat(G)	Sing	SSST	2/01
Banglar Maya	Wheat(G)	-	BSC	R/A(9/1)
Hassab Qatar	C.Oil	Jabe	USS	9/1
Banglar Jyoti	C.Oil	-	BSC	R/A(11/1)
Banglar Shourabh	C.Oil	-	BSC	R/A(12/1)

Vessels at outer anchorage:

Ready on:

Song Lin	G	Sing	Bdship	30/12
Ava	G	Yang	Mta	5/1
Alpine	G	Yang	SMSL	6/1
Kota Singa	Cont	Sing	Pil	6/1
Jurong Balsam	Cont	Sing	Nol	-6/1
Jammi	Rice(G)	Cal	Royal	2/1
Pulau Mawar	G	Bang	OLM	8/1
Richmond	Cotn	Sing	BSL	9/1
Banglar Moni	Cont	Sing	BSC	5/1
Ostriesland	Rice(P)	Kand	MHCSL	5/1
Banglar Asha	Wheat(G)	K. Dia	BSC	R/A
Diligence Cont	Cont	Po. Kel	QCSL	10/1
Blue Angel	Wheat(P)	Mad	AASS	10/1
Kota Berjaya	Cont	Sing	Pil(Bd)	10/1
Banglar Shikha	Cont	Sing	BSC	11/1
Lucky Oldendorff	M. Seed	Mad	Lutful	10/1
Vishava Kaumudi	Rice(G)	Mum	SSLL	11/1
Meghna	Cont	Sing	Bdship	11/1
Sea Gallant	Cont	Sing	Pil(BD)	11/1
Esco Argo	Cont	sing	Pil (BD)	11/1