

G-15 calls for narrowing gap between rich and poor states

MONTEGO BAY (Jamaica), Feb. 11: Asian, African and Latin American leaders gathered here Wednesday warned that economic globalisation was widening the chasm between rich and poor nations and called for measures to reverse the trend, says AFP.

"While borderlessness is being interpreted as the right of capital to flow anywhere unconditionally, the poor people may not cross borders into rich countries with equal freedom," said Malaysian Prime Minister Mahathir Mohamed.

"For them, the barbed wire fences and the border guards will remain," Mahathir added, speaking at the opening of the ninth summit of the Group of 15 developing nations.

Jamaica's Prime Minister

Percival Patterson called for mechanisms to help nations negatively affected by the trend.

"It is clear the world needs a properly constructed arrangement for a lender of last resort," Patterson said, referring to the global economic crisis that exploded in Thailand 18 months ago and went on to shake the economies of developing nations around the world.

Globalisation — as seen by the international financial crisis — was threatening the economic future of many developing nations, increasing poverty and causing social instability, Patterson said.

"The pace and direction of globalisation, which threatens defenceless nations and endangers millions of vulnerable people, will have to be curbed," he

insisted.

Denouncing the current international financial structure as biased in favour of developed nations, Patterson called for a better dialogue between the northern and southern hemispheres to redress the balance.

There is a need "for a new global order, which is more equitable, humane, peaceful and just for all mankind," Patterson said.

The G-15 groups 17 nations — Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Kenya, Jamaica, Malaysia, Mexico, Nigeria, Peru, Senegal, Sri Lanka, Venezuela and Zimbabwe.

Created in 1989, the group aims both to strengthen cooperation among the world's leading developing nations and to

serve as a bridge to the group of seven industrialised nations (G7).

"The pursuit of south-south cooperation is assuming increased significance in the developing world's efforts to ensure our economic survival," Patterson emphasised.

Mahathir noted, however, that a lot remained to be done. "I must say in all these years we are not succeeding to well. On the other hand, the rich and the powerful are consolidating, forming powerful politico-economic alliances," Mahathir said.

"Clearly, if we want to safeguard our future we have to be aware of the forces around us, to consult with each other more often and to have a common stand on most issues," he concluded.



MONTEGO BAY (Jamaica): Jamaican Prime Minister P. J. Patterson (L) addresses the inauguration ceremony of the IX Group of 15 trade summit at the Half Moon Conference Centre in Montego Bay, Jamaica, Wednesday. Representatives of developing nations will meet until 12 February to discuss the group's trade obligations towards the World Trade Organisation.

— AFP photo

Daewoo views India as export supply base

NEW DELHI, Feb. 11: South Korea's Daewoo Motor Co Ltd is treating India as a cheap manufacturing base to supply its global export market, the company's president said here Wednesday, reports AFP.

"We have invested in India not for the domestic market but for the international markets," Daewoo President Kang Byung-Ho told reporters.

"The business from exports will be much bigger than the Indian market," Kang said.

"India has a big potential for the future. We look at the long-term here and invest for the future. Labour is cheap and there is skilled manpower to meet world standards in automobile production."

Earlier, South Korean Prime Minister Kim Jong Pil, who is heading a business delegation to India to boost trade ties, visited Daewoo's plant just outside New Delhi.

The factory run by subsidiary Daewoo Motor India Ltd, has an annual production capacity of 72,000 passenger cars, 300,000 automobile engines and 15,000 commercial vehicles.

The competition is tough in the Indian small car market. Hyundai last month launched its small car, Santro, and the Tata Group's Indica rolled out last month.

India's car market was opened to foreign companies following market reforms launched in 1991. The sector had been dominated for more than four decades by antiquated versions of British cars and later by Maruti.

Singapore phone regulations to ease after 2000

SINGAPORE, Feb. 11: Regulatory oversight of mobile phone service will ease once another provider joins the market in 2000 and as consumers become more savvy, the minister of communications told Parliament on Thursday, reports AP.

"As the market becomes freer and there are more players, the regulators will not have to have this strict oversight rule," Mah Bow Tan said. The regulatory framework will ease as consumers become "more savvy and discriminating."

Mah was answering parliamentarians' questions about why the Telecommunications Authority (TAS) stepped into a price war between the island state's two mobile phone providers.

"In liberalising the market, TAS has a duty to ensure that the competition is sustainable or healthy," Mah said. The lead-up to April 2000, when a third service provider will be allowed to enter the Singapore market, the authority "has to ensure that the incumbents do not adopt anti-competitive measures, such as predatory pricing to keep out competitors," he said.

"This is to safeguard the interests of consumers in the longer term, by ensuring that we do not regress to the former monopolistic situation," he said.

The authority had stepped into the price war between Singapore Telecommunications and Mobile One to make sure that consumers knew the deals being offered were subject to regulatory approval.

'Japan economy unlikely to fall steeply'

TOKYO, Feb. 11: The Japanese economy is unlikely to suffer a steep fall in the three months to March after hitting bottom in late 1998, the chief economic planner said Tuesday, reports AFP.

Economic indicators "may show some worse figures in the January-March quarter but it will be the term when the economy will move sideways at bottom," Economic Planning Agency chief Taichi Sakaiya said.

"I believe it will not knock the bottom out," he told a regular news conference. "It is unlikely to show a clear downward curve."

Sakaiya has said the Japanese economy already hit bottom in late 1998 and will likely improve in the latter half of the next fiscal year starting April 1.

Finance Minister Kiichi Miyazawa was more cautious on Tuesday.

Baghdad to boost oil exports by 12 pc France blasts sanctions on Iraq as 'useless, cruel'

PARIS, Feb. 11: French Foreign Minister Hubert Vedrine denounced UN sanctions on Iraq as "useless and cruel" yesterday as he renewed calls for a new international approach to neutralising Baghdad's weapons programme, reports AFP.

In an address to the national assembly, Vedrine said France had made "strong" and "coherent" proposals to the UN Security Council to ease tensions with Iraq.

These proposals "would allow us to truly move forward by lifting the embargo, which has shown itself to be useless and cruel, while simultaneously imposing controls over any potential weapons programmes and the revenues" from the renewed oil exports, Vedrine said.

The French foreign minister added that it was up to the UN Security Council to decide whether to change the sanctions regime against Iraq. "France is working towards that end," he said.

The United Nations imposed the oil embargo on Iraq following its 1990 invasion of Kuwait and the sanctions can only be lifted when UN arms experts certify that Baghdad has

scrapped its weapons of mass destruction.

The UN arms expert, however, have not been allowed in Iraq since the United States and Britain launched the desert fox air campaign against Iraq in December.

Another report from Baghdad says, Iraqi Oil Minister Amer Mohammad Rashid Wednesday said Iraq aimed to boost its production of oil for export by some 12 per cent over the fifth phase of the UN oil for food programme.

He said Iraq aimed to export a total of 350 million barrels of oil over the fifth six month phase of the programme some 40 million barrels or 12 per cent more than in the fourth phase.

To reach this target Iraq must have an average daily production of about 1.92 million barrels per day (BPD) its average since the phase started in November has been 2.06 million BPD, according to UN figures.

The fourth phase was 1.7 million BPD, the UN said generating revenues of 3.04 billion dollars from a ceiling of 5.2 billion dollars.

The oil for food programme allows Iraq to sell limited quantities of crude in return for basic products but low oil prices and a crumbling oil sector have meant that Iraq has found it hard to meet the export ceiling.

Apart from oil exports for the programme, local consumption accounts for about 550,000 BPD. Jordan taken around 96,000 BPD under a separate agreement.

The drop in oil prices "is a catastrophe for which Saudi Arabia is responsible ... (by) flooding the oil market," Rashid said.

In late January, the minister renewed a call for OPEC to cut the Saudi production quota by two million BPD.

"Saudi Arabia adopts an oil policy which harms the peoples of oil exporting countries including the Saudis themselves," Rashid charged.

The Iraqi minister said the OPEC quota of the world's largest producer should be cut to six million BPD from the current rate of some eight million BPD.

He said the Saudis had "usurped" an additional quota in 1991, the year of the Gulf War.

Taiwan hit by worst financial turmoil in years

TAIPEI, Feb. 11: Taiwan is suffering its most severe financial turmoil in years, with shares plunging and companies failing, but economists said Thursday they see no reason to panic, reports AP.

The government is scrambling to control the damage, and experts say that with only modest official measures, such as stricter rules to prevent improper lending and excessive corporate stock investment, Taiwan's relatively healthy financial system can guide the island through the mess.

"We do have problems and we can expect more corporate troubles to surface," said Wu Hui-kang, an economist at the Chungwa Institute of Economic Research. "But Taiwan's free market system will prevent the crisis from getting out of hand."

The economy should become more robust after filtering out the bad apples," Wu predicted.

Taiwan has suffered less damage than many of its neighbours in the Asian economic crisis, though its economy has been slowing and many problems have started to emerge. In the past few months, some

banks were found to have improperly funneled funds to affiliated conglomerates that later got into trouble. Other companies saw their debts soar after borrowing money to buy stocks that soon fell in value.

Some healthy banks suffered losses in the stock market as they jointly set up a US \$8.7 million stock stabilisation fund in November — following a request from the government that they buy shares to prop up prices — only to see shares shed nearly 15 per cent since.

Vice Finance Minister Yen Ching-chang dismissed talks of a financial crisis breaking out in Taiwan, saying the economy is basically sound despite falling exports in the wake of the regional problems.

Troubled companies only account for 2.5 per cent of the stock market capitalisation. Yen has said. But authorities have taken 10 firms out of the stock market to prevent their plunging shares from further shaking market confidence.

Economists say most banks can stand firm, and the turmoil should bottom out in a year or so if the government keeps its hands off of the market and lets prices fall where necessary.

Exchange Rates

Following are yesterday's Standard Chartered Bank exchange rates of major currencies against the US dollar.

Central bank USD/BDT rate: Buying-BDT 48.35/Selling-BDT 48.65

Selling		Currency		Buying	
TT/OD	BC	TT Clean	OD Sight Doc	OD Transfer	
48.7100	48.7500	USD	48.3150	48.1549	48.0708
0.4305	0.4308	JPY	0.4132	0.4178	0.4171
34.7011	34.7296	CHF	34.0438	33.9310	33.8003
28.9372	28.9610	SGD	28.4323	28.3381	28.2886
32.9077	32.9347	CAD	32.1843	32.0776	31.9577
6.2129	6.2180	SEK	6.1096	6.0893	6.0784
32.0073	32.0336	AUD	30.7573	30.6554	30.4576
12.8629	12.8635	MYR	12.6801	12.6381	12.6061
6.2951	6.3002	HKD	6.2271	6.2065	6.1933
13.0342	13.0449	SAR	12.8426	12.8000	12.7675
13.2989	13.3099	AED	13.1180	13.0746	13.0411
0.0414	0.0415	KRW	0.0410	0.0409	0.0408
79.8113	79.8769	GBP	78.1495	77.8905	77.6103
55.8606	55.9065	EUR	53.9437	53.7649	53.6710

USANCE EXPORT BILLS

TT	DOC	30 DAYS	60 DAYS	90 DAYS	120 DAYS	180 DAYS
48.2154	47.9179	47.5208	47.0641	46.5677	45.5677	45.4558

EXCHANGE RATES OF SOME ASIAN CURRENCIES AGAINST US DOLLAR

Indian Rupee	Pak Rupee	Thai Baht	Mal Ringgit	Indo Rupiah	Sing Dollar
42.450/42.490	50.9251/02	37.09/37.19	3.7998/3.8001	16550/16550	1.6905/1.6915

US DOLLAR LIBOR

Cash rates	BUYING	SELLING	1 Month	3 Months	6 Months	12 Months
48.15	48.15	48.15	5.62875	5.28003	5.15813	5.15909
TC	48.1	48.7	65	6.34813	6	5.67531

Market Commentary

On Thursday, trading in the local interbank forex market was paralysed due to the third straight day of general strike. US dollar supply was short and traded between BDT 48.68 and BDT 48.6950. The call money rate ranged between 8.5 to 9.0 per cent.

In the international markets, yen dropped to its lowest level against dollar and euro on a speculation that the Bank of Japan would have to find a way to curb rise in long-term interest rates. The possibility of unwinding Japanese government bonds by the Bank of Japan and possibility of announcing the inflation target also pulled yen back. Sterling was a big loser when the latest Bank of England inflation report bolstered speculation that interest rates would come down again.

House rents in Delhi, Mumbai highest in world

NEW DELHI, Feb. 11: Want to rent a home or an office in Delhi or Mumbai?

Be forewarned, it doesn't come cheap, recession or not. In fact, space in the two Indian metros cost much more than that in Washington and Rome, to name just two.

The latest report by realtors CB Richard Ellis on global market rents shows that Mumbai is at third place on the list at \$ 1.053 per sq. metre per annum, just below Tokyo (inner city) at \$1.480 per sq. metre per annum and London (West End) at \$1.297 for similar space.

Delhi was at seventh spot at \$676 per sq. metre per annum, after Moscow and Paris. Hong Kong, which topped the list last year, was at fourth place with rentals at \$957 per sq. metre per annum, reports the Economic Times.

European countries saw a rise in lease rentals last year because of increased investment activity while Asian countries suffered a rent crash following the region's financial crisis and the erosion of their local currencies in dollar terms. While Indian rentals feature in the top ten, India is at the bottom of the table on the Human Development Index and per capita gross domestic product (GDP).

— (India Abroad News Service)

Russian ex-Central Bank head defends offshore links

MOSCOW, Feb. 11: The retired chief of Russia's Central Bank defended the government's decision to entrust billions of dollars to a little-known offshore fund manager, in remarks in an open letter to President Boris Yeltsin on Thursday, reports AFP.

"We are certain of our personal honesty and our strict respect for the law," wrote Sergei Dubinin, who was dismissed as Bank chief last September, in a letter published in Thursday's issue of the newspaper Vremya.

"We are convinced that FIMACO (Financial Management Company) was an essential measure of defense for the nation's economic security," Dubinin said in the letter that was also co-signed by his former deputy Sergei Alexashenko.

The FIMACO scandal has whipped a furor in Russia ever since prosecutor Yuri Skuratov accused Central Bank managers earlier this month of parking up to 80 billion dollars of state reserves in the obscure

offshore Jersey bank.

Skuratov, who resigned days after making the charges, further alleged that bank managers were siphoning money from this account and living luxurious lifestyles at the expense of the state.

Dubinin in his letter on Thursday said there was nothing illegal about placing Central Bank money in the care of a private firm. But he said Skuratov had vastly over-exaggerated the sums ever handled by FIMACO.

"The largest reserves placed in FIMACO's accounts reached 1.4 billion dollars in 1994," Dubinin wrote.

"It is unclear where all those billions of dollars mentioned in the (prosecutor's) letter come from. Russia has never held such reserves."

Dubinin said that all dealings with the company had been halted in 1997.

He further defended the government's decision in 1993 to sign an agreement with FIMACO, saying that the

Russian government needed to find a private holder of its assets in the face of potentially unfriendly creditors.

"And now this entire mechanism has been ruined," Dubinin wrote. "Now, just when the government has just missed a payment to the London Club. Today the possibility of seizures by private creditors is again very high."

Dubinin further characterized Skuratov's letter as a campaign to strip the Central Bank of its independence and force the Russia government to launch the ruble printing presses.

"An attack on the Central Bank of Russia is an attack on Russia's economic security and national interests," he wrote.

According to Skuratov's report, over a five-year period FIMACO managed 37.3 billion dollars: 9.98 billion marks (16.96 billion dollars); 379.9 billion yen (3.361 billion dollars); 11.98 billion French francs (2.06 billion dollars) and 662.5 million pounds.



Dell Computer Corporation has appointed Technoedge Corporation Limited its direct distributor for the Bangladesh market. YH NG, Director of Dell APCC (Center), Zahid Hassan Khan, Managing Director (Right), and Farzana Chowdhury, Director of Technoedge Corporation Limited, are seen at the signing ceremony held at Dell's Asia Pacific office at Penang, Malaysia.

S & P downgrades biggest Chinese steelmaker

SHANGHAI, Feb. 11: Standard and Poor's Thursday lowered its long-term foreign currency corporate rating of China's biggest steelmaker, Shanghai Baoshan Iron and Steel Group Co. (Baosteel), citing uncertain business prospects and financial risks posed by government reforms, reports AFP.

The US ratings agency said in a statement it had cut the rating to triple B minus from triple B plus, adding that the rating faced a negative outlook.

"The downgrade reflects concerns about Baosteel's business prospects and the financial risks associated with recent government-led reforms of the state-owned enterprise sector," the statement said.

Baosteel's operating profits are expected to decline in 1999 amid the lingering fallout from Asia's financial crisis, it said.

Standard and Poor's added that Baosteel also faced heated competition from Japanese, South Korean and other Chinese steelmakers which coupled with slower economic growth in China put pressure on steel prices.

The statement also cited the added financial burden brought by the acquisition of four steel plants in the Shanghai region in 1998 and plans to rationalise their product lines, upgrade equipment, restructure management and cut workforces.

Baosteel, wholly owned by the central government and supervised by the state economic

and trade commission and the ministry of finance, recently set up a domestic finance company that exposed it to a comparatively high-risk business.

KL '98 industrial output slump 7.2pc

KUALA LUMPUR, Feb. 11: Malaysia's 1998 industrial production slumped 7.2 per cent from the previous year as the output of manufactured goods tumbled, the statistics department said Thursday, reports AFP.

On the bright side, output in the mining sector rose 1.1 per cent while electricity production surged 3.4 per cent, it added.

The manufacturing index dipped 10.2 per cent last year as the country languished in its first recession in 13 years, the agency said in data released through the official Bernama news agency.

Giving a breakdown on the sharp fall in the manufacturing sector, the department said only four out of 23 groups recorded higher production led by rubber products, plastic products and apparel.

It blamed the decline in the other groups on lower production of passenger cars, leather footwear, iron and steel products and air conditioners, among others.

the agency said.

In light of the substantial burden of restructuring and ongoing market difficulties, the Baosteel Group's financial profile is likely to weaken in the near term," Standard and Poor's said.

The firm became China's biggest steel manufacturer in November with the formal absorption of Shanghai Meishan (Group) Co. Ltd. and Shanghai Metallurgical Holding (Group) Co.

The resulting conglomerate accounts for 20 per cent of the national steel industry's fixed assets.

Registered assets totalled 45.8 billion yuan (5.5 billion dollars) at the time of the merger, with net assets of 70.5 billion yuan (8.5 billion dollars).

Baoshan is on a list of companies green-lighted to list on the country's stock market in the near future.

China became the world's biggest steel producer in 1996 and kept its crown with 107 million tonnes of output last year. But the country desperately needs to upgrade to become a bigger player on the global market.

China's steel industry is suffering acutely from the Asian financial crisis, with a precipitous drop in demand from depressed neighbouring markets made worse by inboxes of cheap steel from South Korea.

Philips operating profits down 60pc

AMSTERDAM, Feb. 11: Philips reported a massive 60 per cent slump in operating profit in 1998 as its failed mobile telephone venture and semi-conductors eroded profits, particularly in the fourth quarter, reports AFP.

The Dutch electronics giant, however, reported that net profit jumped by 132.6 per cent to 13.336 billion guilders (6.05 billion euros, 6.85 billion dollars), but this was earned largely from the sale of its subsidiary Polygram.

Philips posted an operating profit of 1.509 billion guilders (684 million euros, 775.8 million dollars) in 1998, compared with 3.777 billion guilders the previous year.

The failed mobile telephone venture with Lucent Technologies, Philips Consumer Communications (PCC), was largely responsible for the drop.

Philips and Lucent of the United States decided to disband the operation in October leading to an operating loss in the fourth quarter of 853 million guilders.

Philips' net profit of 13.336 billion guilders was an increase from the 5.733 billion guilders the previous year. This was almost entirely earned in the sale of its 75 per cent stake in the music and film group Polygram.

SIA goes for big Airbus-buying

SINGAPORE, Feb. 11: Singapore Airlines Ltd. (SIA) has signed a contract with Airbus Industrie to purchase up to 10 ultra-long-range A340-300s, the European manufacturer announced here Thursday, reports AFP.

An SIA spokesman told AFP that the contract — consisting of five firm orders and five options — was potentially worth 2.2 billion US dollars, including the cost of spares.

The model offers the longest range of any civilian aircraft and will allow SIA to develop the world's first non-stop trans-Pacific operations out of Southeast Asia, linking Singapore with such destinations as Los Angeles and San Francisco, an Airbus statement said.

Such distances of around 15,900 kilometers (8,600 nautical miles) cannot be flown non-stop on existing aircraft types, it said.

Aviation industry sources said the price of such an aircraft, which typically seats 313 passengers in three classes, ranges from 153 to 158 million US dollars each.

The SIA contract calls for the five firm orders to be delivered between the fourth quarter of 2002 and the middle of 2003.

Airbus Industrie chief executive Noel Forgeard welcomed the selection of the A340-300 by SIA as "a clear endorsement of the operational advantages and passenger appeal provided by the aircraft for very long range

services."

"We are most proud to count the carrier as a customer for the type and look forward to working with the airline on the introduction of the world's first nonstop flights between Southeast Asia and the US," he added.

The model is part of a development program also including