

# ADB urges its wealthier members Start talks on replenishing fast-depleting funds

MANILA, Apr 30: The Asian Development Bank (ADB) said today that its role was expanding in the aftermath of the regional financial crisis, and asked its wealthier members to quickly begin talks on replenishing fast-depleting funds, reporters Reuter.

The economic downturn itself appeared to be abating with several affected nations beginning to show signs of recovery but the social impact would continue into the medium-term, ADB president Tadao Chino said.

Chino was opening the 32nd annual meeting of the Manila-based multilateral agency.

"The crisis is causing social turmoil throughout the affected economies in such areas as employment, human development, poverty and social capital," Chino said.

"While the crisis has highlighted the importance of addressing emerging issues such as banking and corporate sector restructuring, the banks' basic development challenges remain as significant as ever."

For the ADB, Chino said, "While the immediate challenge is to ensure a return to growth, the longer-term challenge is to move onto the path of sustainable development."

This, he said, would call for concerted efforts in poverty reduction, environmental protection, economic growth and human resources development.

Philippine President Joseph Estrada told the meeting at least 40 million people in the region had been pushed into poverty by the crisis.

"Vigorous efforts should therefore be pursued to strengthen social safety nets and to promote strategies that will not only pump-prime the economy but also generate employment."

Funding for the ADF is arranged every four years and in

its current cycle, which runs until the end of next year, there is only about \$1.2 billion left from an initial \$6.3 billion.

"Even those ADF borrowers not so directly or immediately affected by the regional financial crisis are experiencing its widespread secondary effect," Chino said.

"Private funds would not be readily available to meet such challenges if their allocation were left to markets alone. I would like to request your support for launching negotiations this year for that next replenishment of the ADF."

Bank officials have said member-nations, which include Japan, the United States, Canada, Australia and Western European countries, will only discuss where and when to start talks on ADF funding during this weekend's meeting.

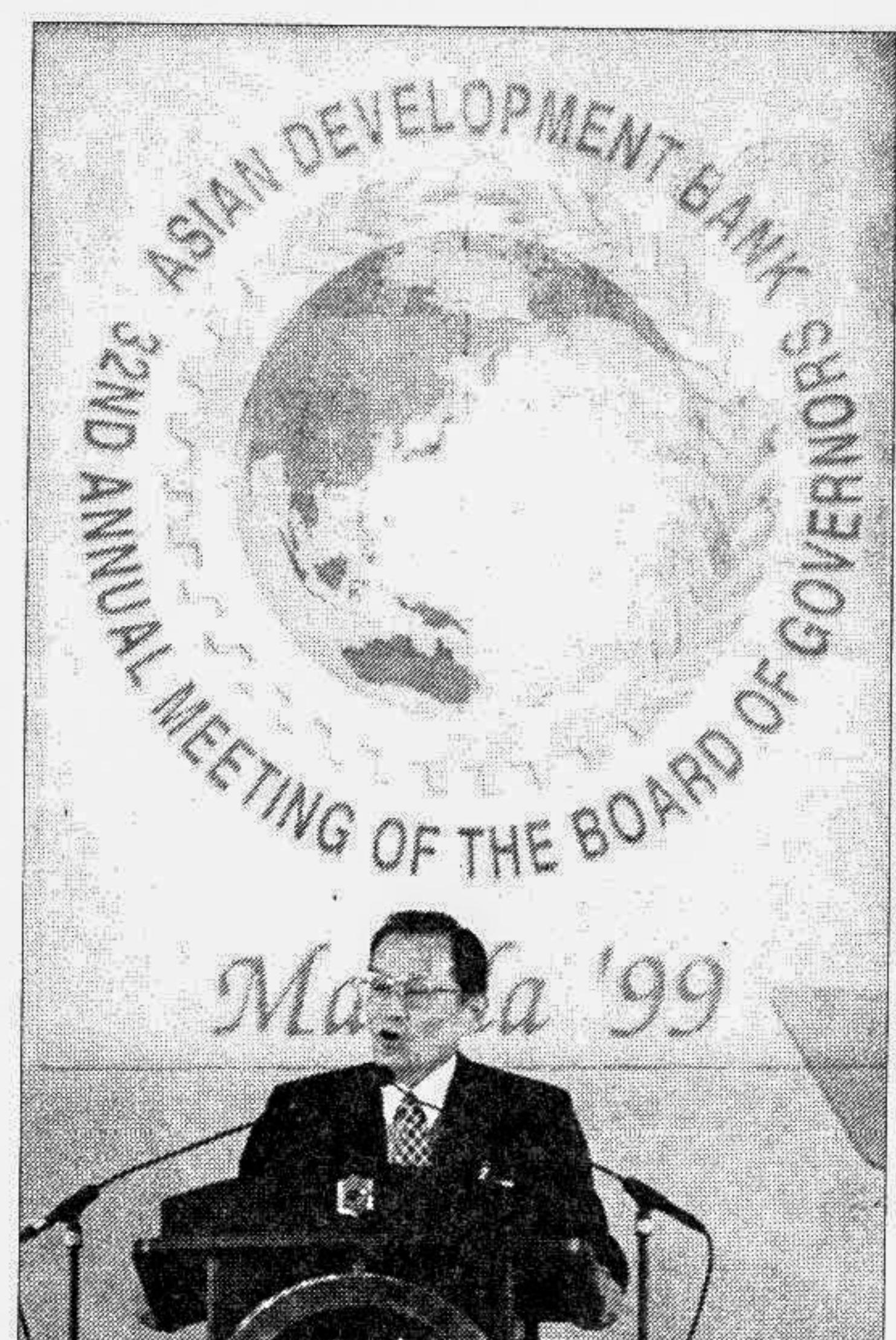
However, they added, it takes about 12 months to get full agreement on a new ADF funding plan, so the process needs to get underway soon.

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Asian Development Bank (ADB) president Tadao Chino speaks at the opening session of the ADB annual meeting yesterday. Chino called on wealthy non-Asian members of the ADB to support the replenishment of the Asian Development Fund.

—AFP photo

## China won't show favouritism to US in WTO talks

BEIJING, Apr 30: France has won assurances from China that it will not show favouritism towards the United States in talks over its entry to the World Trade Organisation, a French minister said today, reports AFP.

France welcomes China's adherence to the WTO as long as it is done without any distortion, said Jean Glavany, French agriculture and fisheries minister.

He told a press meeting during his visit to China that he had won "formal assurances" on the issue from his Chinese counterpart Chen Yaobang.

Glavany's visit comes as China has made important concessions on opening up its markets and reducing tariffs in a bid to finally seal a deal on its 13-year bid to join the global trading body.

A round of marathon talks between China and the US ended Monday without agreement as Beijing opened separate discussions with the European Union (EU).

## ADB calls for long-term reforms of Pak economy

ISLAMABAD, Apr 30: The Asian Development Bank has called for long-term reforms of Pakistan's economy, saying growth has been impeded by poor governance, sectarian violence, weak policy implementation and a lack of private dynamism, reports Reuters.

The bank, a major lender to Pakistan, also said in its 1999 Asian Development Outlook report released on Monday that industrial recession and low levels of private investment would limit growth to 3.4 per cent in the fiscal year ending in June.

The economy grew by 5.4 per cent in the 1997-98 year.

The bank prescribed long-term reforms to boost economic growth, also partially stalled by economic sanctions slapped on Islamabad after the country conducted nuclear tests last May in response to similar tests in Karachi.

The bank suggested the government work to revitalise small and medium-sized enterprises and resolve the problems of the industrial sector to promote exports.

Pakistan this year launched a new scheme to promote small to medium-sized enterprises by setting up a special body to oversee and ensure loans for viable projects.

The bank said Pakistan needed to improve "economic efficiency" by restructuring its power sector and introducing financial sector reforms.

The power sector — including two state-owned utilities, the Water and Power Development Authority (WAPDA) and the Karachi Electric Supply Corp has been under financial stress since 1996, the report said.

Violence between militants of the majority Sunni Muslim groups and minority Shi'ite activists in the populous Punjab province has claimed more than 50 lives so far this year, and political, ethnic and sectarian violence killed more than 800 last year in Pakistan's most important commercial city Karachi.

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The financial crisis in the power sector has, in turn, seriously affected the government's handling of the economy by increasing the fiscal deficit. Consequently financial restructuring of the two utilities is urgently needed," it said.

Major issues concern the need to achieve macro-eco-

nomics stabilisation and promote exports, increase economic efficiency and ensure that social protection is available for the poorest members of the society," the bank said.

Pakistan's economic performance has been handicapped in recent years largely by a lack of private sector dynamism, weak policy implementation, ineffective governance, persistent sectarian violence and low labour productivity," it added.

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## Protest against privatisation plan Agitating Thai workers demand dissolution of parliament

BANGKOK, April 30: Thai labour leaders on Thursday demanded the government dissolve parliament over plans to privatise state firms as thousands of protesting workers marched on Government House, says AFP.

Communication Minister Suthep Thaugsuban met labour leaders at Government House as up to 3,000 state employees, waving Thai flags and chanting slogans against foreign ownership, surrounded the building.

The workers are angry over a planned privatisation drive

which many fear will open the floodgates to foreign companies and compromise Thailand's independence.

Today's discussion is just preliminary talks to listen to each other and exchange information -- we may not reach any conclusion today," State Enterprise Workers Association official Somsak Kosalsook told AFP during a break in the talks.

He said workers staunchly opposed new legislation allowing greater foreign ownership of Thai companies and privatisa-

tion of state enterprises such as national carrier Thai Airways Plc.

Workers were concerned about massive layoffs, rising prices for services and the loss of Thailand's economic sovereignty if the privatisation plan, backed by the International Monetary Fund (IMF), goes ahead.

Somsak said they were also angry at proposals to use funds raised from the sell-off to settle debts of the government's Financial Institutions Development Fund (FIDF).

The FIDF poured billions of dollars into debt-ridden banks and finance firms in 1997-98 in a misguided attempt to save companies crippled by the Asian financial crisis. Most of the money has been lost.

"This is the big issue which we cannot accept because the businessmen created this debt, not the workers," Somsak said.

The government has said it would begin selling stakes in public utilities this year under commitments made to the IMF in exchange for a 17.2 billion dollar rescue package.

## Directorate General Defence Purchase Ministry of Defence

New Airport Road, Tejgaon, Dhaka-1215

### Re-Tender Notice

1. Sealed tenders in foreign currency are invited from bonafide manufacturer/s/ dealer/s/ supplier/s/ indentor/s (Enlisted Firms and Firms applied for enlistment in DGDP) for supply of the following items for Bangladesh Navy.

Sl No	Name of Items & Qty	Date of Selling From	Date of Opening To	Currency	Tender No
a.	Hydrophone (Under Water Broadcast) Qty-01 in No				5765
b.	Tachometer Test Bench Qty-02 Sets				5974
c.	Surface Mounted Component Rework System Qty-03 Sets	09-5-99	27-5-99	30-05-99	5975
d.	Test Equipments and Facilities for Setting Up a Gyro Workshop Qty-1 Set				5976

2. Tender schedule with detailed specifications/conditions will be available on payment as per I/T selling rate (non-refundable) during office hours between 0800 hours to 1300 hours. The tender can be dropped latest by 1000 hrs and opened at 1005 hours on the specified date of opening in the presence of tenderers (if present).

Lt Commander BN  
For Director General

## FDI weathers Asian crisis: UN

SINGAPORE, Apr 30: Foreign direct investment (FDI) developing countries in Asia has weathered the storm of financial crisis despite a modest seven per cent decline last year, the United Nations said, reports Reuters.

"Although the region as a whole experienced a contraction and a downturn in overall private capital inflows, FDI managed to weather the financial crisis," the UN said in a report. Foreign companies invested 78 billion dollars into developing Asia in 1998, compared with 84 billion dollars in 1997, the UN said.

Foreign direct investment into Asia may decrease further in 1999, but should remain above the decade's average, the report said.

Last year's decline was mainly due to a sharp drop in foreign investment to Taiwan and Indonesia, but regional inflows in 1998 were higher than immediately before the crisis and much higher than average annual inflows during the decade.

## IMF urges Zambia to keep interest rates high

WASHINGTON, Apr 30: The International Monetary Fund yesterday urged Zambia to keep interest rates high enough to restore confidence in the kwacha currency and said weak banks, slow privatisation and previous policy setbacks were reasons for concern, reports Reuters.

A statement released after a March 25 review of the Zambian economy forecast economic growth of 4 per cent this year, reversing last year's 2 per cent decline. Inflation would ease to 21.6 per cent from 24.5 per cent in 1998. Directors regretted that economic and financial policies in 1998 had been only partially successful in arresting the deterioration in economic conditions, the IMF said.

Obuchi, who arrived Thursday in the United States for a six-day tour, told an audience of about 1,000 political and business leaders that his efforts to stimulate the Japanese economy were beginning to pay off. "I have boldly implemented every kind of measure aimed at achieving Japan's economic recovery," said Obuchi, who was elected in July. ... I am determined to ensure a successful revitalisation of the Japanese economy through overcoming with unwavering resolve any obstacles."

Obuchi's visit will culminate in a meeting with President Bill Clinton. Events in Los Angeles and later in Chicago are designed to bring exposure to a leader little known in the United States.

Obuchi expects his talk with Clinton to focus on his economic plan and the military alliance. "We would like to make a fresh start in terms of the US-Japan bilateral treaty," he said. He noted that the lower house of Japan's parliament this week approved legislation designed to increase military cooperation with United States.

Obuchi's hand has been strengthened by recent political victories at home, including lawmakers' approval last month of Obuchi's record economic stimulus plan. Journalists were not allowed

## Obuchi defends his plan to energise economy

LOS ANGELES, Apr 30: Japanese Prime Minister Keizo Obuchi defended his plan to energise Japan's stagnant economy and said stronger US-Japan military cooperation was vital to Asia's future, reports AP.

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## Russia blasts int'l community for 'not giving timely support'

UNITED NATIONS, Apr 30: A day after the International Monetary Fund reached agreement with Russia on a economic reform programme, Russia's economic minister accused the international community of failing to respond quickly to his country's financial crisis astounding IMF Managing Director Michel Camdessus, says AP.

Russia's Andrei G Shapovalov made no mention of Wednesday's agreement in principle on an economic plan and \$4.5 billion in new IMF loans to Moscow, complaining instead that Russia had suffered badly because of the lending institution's inaction.

"Russia appears to have been a target of discrimination since it was the only country as far as we know among the crisis-hit countries that didn't receive timely international support," he told a joint meeting of the UN Economic and Social Council and top officials of the IMF and World Bank.

The Asian economic upheaval which spread to Russia and Brazil revealed "the lack of an effectively functioning early warning and prevention system for financial crises," the Russian minister said.

Saying he spoke "with great friendliness" but also "a few grains of salt," Camdessus told Shapovalov that he listened to the criticism "with a sense of — I don't know — unreality."

He said he was "surprised" that the minister didn't mention Wednesday's package to help Russia fight the consequences of the crisis.

"I must tell him with a little bit less humor that I was surprised (to hear) that we have not been able to warn and to prevent this crisis," Camdessus told the meeting, attended by ministers and high-level representatives from over 30 countries.

He recalled personally trav-

eling to Russia "to warn the authorities about the risk mounting for them," and putting together a major package last spring to cope with the risk. But he said it wasn't supported by the legislature.

The IMF came under extensive criticism last summer when it announced a major rescue effort for Russia only to see the programme derailed within weeks after Russian authorities gave up an ineffective effort to defend the value of the ruble.

The Russian default in August 1998 triggered the darkest days in the 20-month-old currency crisis that began in

Thailand in July 1997.

Camdessus said his staff had been telling him to be prudent in saying the crisis was over.

But he told the meeting that the countries worst affected "are now in the recovery process or close to it."

The hottest topic during the meeting was a IMF-World Bank debt relief initiative for poor countries.

Italy's Treasury Minister Carlo Azeglio Ciampi said the IMF's policy-setting Interim Committee which he heads had asked the IMF and World Bank to work toward a framework that provides for deeper relief to a broader group of countries, in

a way that strengthens the incentives for adoption of strong reform programmes, and fosters the respect of human rights."

Camdessus said the committee also endorsed the establishment of a significantly stronger link between debt relief granted to the poorest countries and allocation of the money to social purposes such as education and health.

World Bank President James Wolfensohn said he was looking forward "to the generosity of our shareholders" to ensure that debt relief could be made available to more countries.

Only electric cars, which emit no smoke at all, satisfy that requirement.