

Conditions in emerging markets improve

WB sees no next victim of crisis

SANTIAGO, May 7: A top World Bank official said yesterday that conditions in emerging markets have improved so much since their low point last year that there is now no "next victim" on the horizon heading for a financial fall, says Reuters.

The interesting thing is that for the first time, we are not pointing to the new victim of the financial markets," Eliana Cardoso, lead specialist for Latin America and the Caribbean at the World Bank, told reporters.

"Brazil has served as a very good example," Cardoso said. "In the sense that it showed that you can change your regime, that you can go through a transition, and that you can get back to a stable path without a major catastrophe falling on a series of other countries."

Still, she said Argentina needed more flexibility in other areas of its economy, such as the labour market and fiscal policy, to deal with external shocks due to its fixed currency.

Asked whether Argentina should be seeking a way to get rid of the fixed peg, or to find an exit from the system, Cardoso said: "I think the plan B in Argentina is to dollarize."



ICC Bangladesh President Mahbubur Rahman addresses a workshop on "International Standby Practices for Documentary Credits and Arbitration" organised by International Chamber of Commerce (ICC) - Bangladesh in Chittagong on Thursday.

Asian Stocks Roundup Most markets close lower

HONG KONG, May 7: Most Asian stock markets ended the week sharply lower Friday as investors took profits on fears of a rise in interest rates following a warning about the risk of inflation in the United States by US Federal Reserve Chairman Alan Greenspan, reports AP.

In Hong Kong, the blue-chip Hang Seng index slumped 572.81 points, or 4.2 per cent, closing at 12,997.43. It was the largest single-day point-loss since Jan 7, 1998.

Thai share prices also slumped, with the main index falling 4.7 per cent, ending at 1,899.45. The Stock Exchange of Thailand, or SET, index fell 24.34 points to 488.35.

In Singapore, share prices closed sharply lower in reaction to Greenspan's comments. The Straits Times Index fell 3.8 per cent, or 75.19 points, to 1,899.45.

The Japanese market's main index fell 2.05 per cent on profit-taking, shedding more than half of its nearly 600-point gain of the previous day.

Tokyo's benchmark 225-share Nikkei Stock Average shed 354.09 points, or 2.05 per cent, closing the week at 16,946.52 points. On Thursday, the index climbed 599.08 points, or 3.59 per cent, on expectations that the government may intensify efforts to stimulate the faltering economy.

The 30-company Philippine Stock Exchange Index gained 9.93 points, or 0.3 per cent, to close at 2,526.76. It was the index's highest level since posting 2,527.08 points on Aug. 13, 1997.

Elsewhere: KUALA LUMPUR: Malaysian share prices closed sharply lower on profit-taking. The key Composite index, which tracks 100 blue-chip stocks, fell 25.90 points, or 3.6 per cent, to 691.68.

TAIPEI: Share prices closed lower. The market's key Weighted Stock Price Index fell 90.72 points, or 1.19 per cent, to 7,469.33.

SYDNEY: The Australian share market closed lower, dragged down by a fall in banking stocks on the back of renewed fears of higher inflation and interest rates. The All Ordinaries Index closed at 2,987.7, down 50.9 points or 1.7 per cent.

JAKARTA: Indonesian share prices closed lower on profit-taking. The Composite Index fell 5.787 points, or 1.00 per cent, to 575.118.

SEOUL: Share prices closed mixed. The Korea Composite Stock Price Index fell 0.08 point to 810.62.

WB gives \$30m to Albania WASHINGTON, May 7: The World Bank is giving a \$30 million boost to the Albanian economy to help counter the impact of the Kosovo crisis, says AP.

Bank officials approved the public expenditure support credit Thursday. It will be used to supplement government funds as the Yugoslav neighbour struggles with the influx of refugees from the Serbian province.

The money also will create an incentive for additional financial assistance from other donors, the World Bank said.

It will give the Albanian government enough backing to pay its expenses in the face of the massive arrival of ethnic Albanian refugees from Kosovo.

Even with outside assistance for the refugees, Albania has suffered increases in its expenditures for health care, education and internal security.

"By providing urgent budgetary support as well as assistance under ongoing investment operations, the World Bank can assist in maintaining the functioning of the public sector, essential for assuring internal security and social peace," the bank said.

Albania does not have to start paying back the loan for 10 years, and then has 30 years to pay it off.

The new funding follows an April 2 meeting of World Bank donor countries on the Kosovo crisis. The bank has adopted a three-point programme for Albania:

Budget support, including the \$30 million announced Thursday.

A redirection of project funding to areas most affected by the influx of refugees, including the building of health care facilities, schools and water and sanitation systems.

Special support for refugees, including two grants of \$1 million each.

Table with Japanese stock market data including Nikkei index (16,946.52) and various stock prices.

A Japanese businessman passes in front of an electronic stock prices board in downtown Tokyo yesterday. Share prices in Tokyo fell 2.0 per cent as investors took profit after the previous day's strong gains, brokers said. The key Nikkei index lost 354.09 points to end at 16,946.52 on the Tokyo Stock Exchange.

Donors may raise reforms pressure on Vietnam

HANOI, May 7: International donors are expected to increase pressure on the Vietnamese government to hasten reforms when they meet for a special mid-year review next month, a World Bank official said today.

"Clearly there is a lot of impatience about progress on the reform front," World Bank Vietnam chief economist Kazi Matin told AFP.

International donors, who pledged 2.2 billion dollars to Vietnam in December, have urged Hanoi to overhaul its lumbering state sector, restructure the banking industry and create more favourable conditions for the private sector.

However, frustration has mounted among donors over perceived foot-dragging by Hanoi, and donors will take a tough stand during the mid-year review June 14-15 in Hanoi, Matin said.

International financial institutions have called on Vietnam to move ahead on reform so that structural loans from the International Monetary Fund and World Bank can resume.

Such lending is tied to specific performance and has been suspended since late 1997 due to Vietnam's failure to meet requirements on reform.

The most recent consultation with Hanoi by representatives of the Asian Development Bank, the World Bank and the International Monetary Fund in March failed to produce tangible results.

Slack domestic demand, falling exports and plunging foreign investment intensified in the first four months of 1999, threatening to derail Vietnam's growth plans, Dung warned.

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Singapore banks headed downhill

SINGAPORE, May 7: Singapore Senior Minister Lee Kuan Yew said local banks were "headed down the hill" and would be marginalised in domestic markets if they did not upgrade to international standards, says Reuters.

"Ten years ago if you had asked me, I'd say we were doing not badly in banking. Now I'm convinced we're headed down the hill," Friday's edition of The Straits Times newspaper reported Lee as saying in Parliament on Thursday.

The senior minister said the city state's banks were not thriving because "they are wonderful bankers."

"I protected them together with Koh Beng Seng," Koh was the former deputy managing director of the Monetary Authority of Singapore (MAS).

Lee said his moves to stop foreign banks opening branches and automated teller machines while local banks were allowed to open machines and branches in public housing estates had seen domestic banks become important financial institutions in Singapore.

"But if they continue to play in that league, we'll be wiped out," he said, adding that good banks had to offer a panoply of financial products and not just take deposits.

Singapore Prime Minister Goh Chok Tong has already said local banks had to work harder and stay ahead or face extinction.

Deputy Prime Minister Lee Hsien Loong, who heads the MAS said early this year the central bank was reviewing all barriers to the domestic retail banking sector. He also said there was room for only two major domestic banks in Singapore.

Last year, state-owned POSB and The Development Bank of Singapore DBSM, SI were merged to form a regional banking conglomerate.

Singapore's other major banks are OCB Bank OCB, United Overseas Bank UOBH, SI, OUB Bank OUBM, SI and the Keppel Tat Lee Bank KPBK, SI.

Lee said the Singapore government could only protect banks in the next ten years or less.

"So unless we move forward and fast, we are wiped out. We'll be marginalised in our own domestic base."

WTO leadership talks still fail to make headway

GENEVA, May 7: The World Trade Organisation's efforts to appoint new director-general again sank deeper into procedural wrangling Thursday, nearly a week after its outgoing leader officially stepped down, reports AP.

"We, the members, should be ashamed of the spectacle before us," Mexican Ambassador Alejandro de la Pena told reporters during the latest meeting of the 134-member WTO's General Council.

European Union Ambassador Roderick Abbott, who left the meeting early, added: "We are going round in a circle. We have to take a good break and calm down and start talking substance, because what is going on here is useless."

The council's fourth session since Friday broke up after 5 1/2 hours with no signs of progress toward breaking the deadlock over a successor to Italy's Renato Ruggiero, trade diplomats said.

It is expected to meet again next week or early the week after.

With only months remaining before a conference in Seattle meant to open the way for a new round of trade liberalisation talks, and with just days until the possible start of another trans-Atlantic trade war, the WTO finds itself in the embarrassing situation of having

to put its own house in order.

Former New Zealand Premier Mike Moore looked set to win last week after the diplomat conducting the selection process proposed Moore formally and said he considered the other candidate, Thai Deputy Premier Supachai Panitchpakdi, to be out of the race.

But Supachai's supporters, led by Japan and the ASEAN group of countries, refused to concede defeat, saying the consultation process had been flawed and that the chairman, Tanzanian Ambassador Ali Mchumo, had no authority to exclude any candidate.

Supachai supporters say more than 50 members of the 134-nation WTO are holding out for the Thai candidate. Kenya has proposed that Mchumo try to reach a consensus around Supachai as there is no prospect of reaching a consensus around Moore.

Much of Thursday's meeting was mired in a dispute over whether that move was possible. The issue remained unresolved.

Moore's supporters, which include the United States and many Latin American countries, said they still believe consensus is possible and called for Supachai to withdraw with dignity.

New Zealand's Roger Farrell disputed Supachai supporters' arguments that their candidate should now be considered.

"If we were to allow agreed procedures to be cast aside we must know that we would seriously undermine trust and confidence in the (WTO) system," he said.

The WTO has appointed David Hartridge, head of its services division, as acting director, but only to handle routine matters.

The stalemate comes with the WTO already facing difficult times, with free trade ideals under pressure from global economic upheavals, and a number of high-profile trade disputes.

Meanwhile, a Reuters report from Shanghai says: China's entry into the World Trade Organisation (WTO) would not have a drastic impact on the state sector despite the dire predictions of some economists, the International Finance News said today.

The newspaper said in a commentary the negative effects of WTO accession would be limited while there would be substantial benefits for state enterprises, such as the introduction of more foreign technology.

"Some economists believe China's entry into the WTO will drastically reduce the nation's protection of its state enterprises," the newspaper said in a commentary.

Advertisement for Jahangirnagar University (জাহাঙ্গীরনগর বিশ্ববিদ্যালয়) regarding an exam and scholarship.

Advertisement for R&H Notice Inviting Tender from the Government of Bangladesh, Office of the Executive Engineer (R&H).

Advertisement for Janata Bank (জনতা ব্যাংক) regarding a tender for a building.

Advertisement for R&H Notice Inviting Tender from the Government of Bangladesh, Office of the Executive Engineer (R&H).