

APEC finance ministers' meet begins today

Malaysia for starting global financial system reform

LANGKAWI, Malaysia, May 14: Setting the tone for a meeting of top finance officials from 21 nations, host Malaysia on Friday called on Pacific-Rim countries to go beyond words and begin restructuring the global financial system, reports AP.

The optimism generated by the quick recoveries that many Asian nations are making from the debilitating economic crisis of 1997 should not lull the world into complacency, said Malaysia's junior finance minister, Mustapa Mohamed.

"Much remains to be done, both at the level of our individual economies, as well as the regional and international level," Mustapa told a business forum on the eve of the weekend meeting of finance ministers from the Asia-Pacific Economic Cooperation group.

"I strongly believe that the APEC finance ministers process can and must play a more meaningful role in making the international financial market a safer place," he said.

Mustapa said countries that had not been whacked by the Asian currency crisis should be understanding. He also said Malaysia had no plans to ease its capital controls introduced

last September anytime in the near future.

"Unless the international financial architecture is changed to cater to emerging economies, we will be uncomfortable," Mustapa said. "We won't relax those controls."

A campaign that Malaysia's Prime Minister Mahathir Mohamad began for restructuring the global financial system has gained some currency within APEC.

Some nations, such as Australia and Hong Kong, are now calling for more transparency of global currency trading and hedge funds. Huge cash flows, propelled mostly by US-based hedge funds, are blamed in part for precipitating the Asian currency and stock market crash.

Malaysia wants to keep the issue of hedge funds on top of the agenda, but is unlikely to find support from some of the richer nations, such as the United States, which are against any regulation of capital markets.

"There is an urgent need to strengthen the international financial architecture, without which, these countries would feel unsafe against the destabilising effects of massive and volatile short-term capital

flows," Mustapa said.

When the meeting of finance ministers gets under way in this tropical island resort of swaying palms and white beaches, Malaysia's call is going to be heard by the US Treasury Secretary-designate Lawrence Summers, the heads of the world Bank, the International Monetary Fund and the Asian Development Bank.

But no concrete proposals beyond a reaffirmation to study the global financial system is likely to emerge on Sunday when the meeting ends.

Meanwhile, even before the formal round of talks begun, a controversy erupted over a world Bank chief James Wolfensohn and the wife of jailed former deputy prime minister Anwar Ibrahim.

While Wolfensohn said it was just a casual meeting with a "friend," Malaysia's junior finance minister Mustapa Mohamed expressed his displeasure, but stopped short of accusing him of interfering in the nation's domestic politics.

Mustapa and Wolfensohn are scheduled to meet later Friday. Malaysia has already borrowed \$704 million to tide over its economic crisis.

Anwar's sacking and arrest last September drew worldwide condemnation from many top financial officials. Mahathir often accused Anwar of blindly following IMF-style policies, which he says are not suitable to emerging economies like Malaysia.

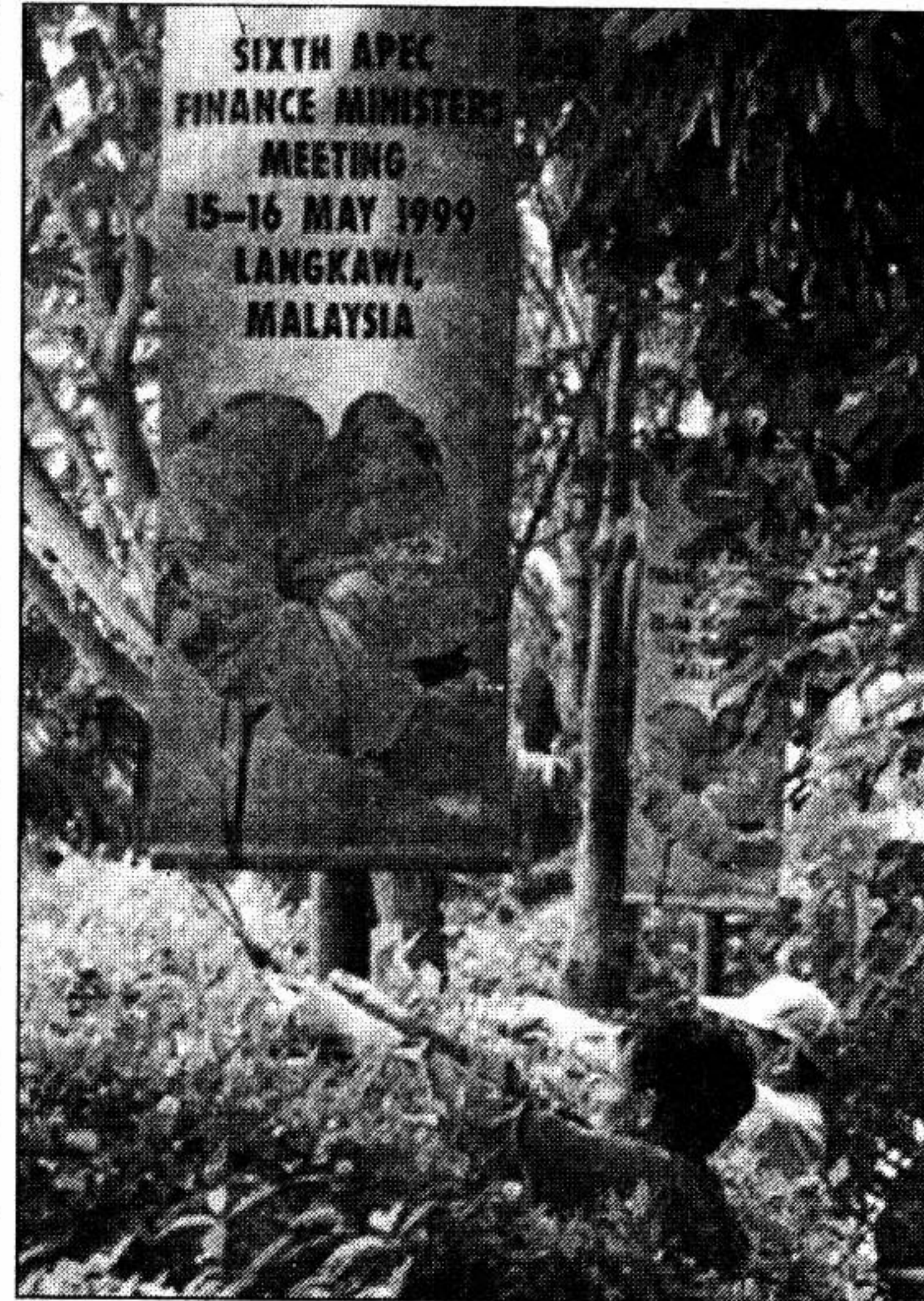
Japan to put forward recovery plan

TOKYO, May 14: Japan's Finance Minister Kiichi Miyazawa said today Japan will put forward a recovery plan for Asia at an Asia-Pacific Economic Cooperation forum finance ministers meeting in Malaysia, reports AFP.

"Speculative money is attracting (to Asia) but funds for investment and loans are not," he said.

Miyazawa said Japan's plans would include measures aimed at preventing currency speculation. The finance minister leaves later Friday for the APEC meeting on the Malaysian resort island of Langkawi.

The finance ministers in turn make recommendations on joint action by APEC to the host state who are scheduled to meet in New Zealand in September.



Gardeners trim bushes under banners announcing the 6th APEC Finance Ministers meeting Friday at Berjaya Beach resort. Finance ministers and senior officials from the 21 APEC countries will start a two-day meet today at this Malaysian holiday resort. — AFP photo

Pak recovery gets highest priority

SINGAPORE, May 14: Pakistan Prime Minister Nawaz Sharif said on Friday his government was giving the "highest priority" to reviving the country's economy, reports Reuters.

"It was imperative to take cognizance of the difficult economic situation which the country had been facing. That is why we assigned the highest priority to revitalise the economy," he told an investment conference on Friday.

Speaking to reporters on the sidelines of the conference, Sharif said Pakistan's economy was recovering as sanctions slapped against it after last year's nuclear tests were gradually being lifted.

"It has done well and gradually the sanctions are now also being removed," he said.

Sharif told the investment conference his country's agenda for economic recovery was focused on correcting fiscal imbalances through an increase in tax collection, improving its balance of payments and boosting exports.

An International Monetary Fund (IMF) mission was scheduled to visit Pakistan next week.

The mission would review the country's macroeconomic targets, including tax collection, before it recommends to its board the release of a \$68 million tranche of a \$1.56 billion structural adjustment loan.

Pakistan's leader is in Singapore for a three-day official visit and spoke to a gathering of businessmen on investment prospects in his country on Friday.

He has held talks with Prime Minister Goh Chok Tong and also Senior Minister Lee Kuan Yew.

Goh said at a state dinner on Thursday that trade between Singapore and Pakistan had increased from \$500 million (\$294 million) in 1997 to \$600 million in 1998 and he saw potential for this to increase.

Official figures from Pakistan show Singapore has invested \$50 million in the country, in projects such as housing development, an edible oil storage and processing plant in Karachi and computer training centres.

Sharif said on Friday that Pakistan welcomed Singapore's investments and expertise in the development of special industrial zones and its ports.

"Pakistan is also in the process of divesting its ports and would certainly like to share (Singapore's) experience."

Sharif also said his government had taken "drastic measures to root out corruption, maintain law and order, stimulate industrial and economic growth" as well as gear up the government machinery.

Use calm to embrace reforms, IMF urges Asian nations

LANGKAWI, Malaysia, May 14: The International Monetary Fund (IMF) urged crisis-hit Asian nations today to use the current calm in financial markets to embrace reforms and accelerate economic recovery, reports AFP.

Despite the improved situation, "it is vital that countries utilise the current period to put in place the structural and policy reforms needed to ensure a robust and sustainable recovery," the IMF said.

The call came in a report presented at a meeting of Asia-Pacific Economic Cooperation (APEC) forum officials ahead of finance ministers' talks starting Saturday.

Excerpts from the report,

which also said global annual economic growth was expected to bottom out at 2.5 per cent in 1999 and gain momentum in 2000, were made available to AFP.

The report said "downsides have been diminished amid continued buoyancy in the United States, reduced strains in financial markets and improved sentiment to emerging markets."

In gist, what they are saying is that in most of the crisis-stricken economies this year, "said Philippine Finance Undersecretary Solomon Cua after studying the report.

Among the optimistic signs was Japan's effort to strive for macro-economic stability, he

said.

"On the outlook, the IMF stressed the need to be vigilant, continue with financial restructuring — in other words, we should not be complacent," Cua said.

IMF deputy managing director Stanley Fischer said recently the Fund would keep up its pressure on Asian countries to comply with reforms, following perceptions that some governments were slipping into complacency amid rising optimism in the region.

The IMF offered huge sums of money to bail out the Thai, Indonesian and South Korean economies among those hit by the financial crisis triggered in mid-1997.

Thousands of ROK workers give up strike plans

SEOUL, May 14: Thousands of subway and hospital workers called off strike plans Friday, casting doubt on the clout of a militant labour group resisting government-ordered industry reforms, reports AP.

The Korean Confederation of Trade Unions had expected nurses at as many as 15 university hospitals to go on strike by Friday after rising layoffs and pay cuts. But only four reported work stoppages.

The biggest blow to the labour confederation came when union leaders at Seoul Metropolitan Subway Corp abandoned plans to strike Friday to protest their company's plan to cut its workforce by 20 per cent.

"It appears that we lack the power to push through our demands," said union leader Seok Chi-sun after only 1,000 of more than 8,000 union members showed up for a rally Friday.

Government officials said they expected the series of strikes to wind up over the weekend after workers hold another large rally in Seoul to voice their complaints.

The labour group broke off the talks in February, saying it would call a nationwide strike to bring an end to widespread layoffs in the country's troubled industries.

US eager to resume talks with China

WASHINGTON, May 14: The United States is waiting for a clear signal from Beijing on whether negotiations on a key trade deal can resume following the Chinese embassy bombing of the Chinese embassy in Belgrade, a senior US trade official said yesterday, reports Reuters.

Deputy US Trade Representative Richard Fisher said the US was eager to resume talks with Beijing on a market opening trade deal that will clear the way for US approval of China's entry into the World Trade Organisation (WTO).

"We're waiting for a clear signal," Fisher told reporters following a speech to a Republican congressional group.

Talks planned for next week in Beijing have been thrown in

doubt by the accidental bombing, which killed three Chinese journalists and injured 20 people. The attack prompted days of angry protests in which the US embassy in Beijing was splattered with debris and the residence of the American consul-general in Chengdu was destroyed by fire.

Assistant US Trade Representative Robert Cassidy was due to go to Beijing next week to try to finish the deal, which eluded negotiators last month during Premier Zhu Rongji's visit to Washington.

That trip is up in the air, but US officials say privately he is ready to go if Beijing gives the green light.

Timing of the deal is important, US officials said.



An elderly woman begs for money in front of a financial advertising poster in St. Petersburg Friday. Political turmoil in Russia including the sacking by President Boris Yeltsin of Premier Yevgeny Primakov and the beginning of impeachment hearings against the Russian President at the State Duma had the rouble fall to a rate of 24.92 against the US dollar. — AFP photo

Asian stock markets end week mixed

HONG KONG, May 14: Asian stock markets ended the week mixed Friday with prices falling in Tokyo and Hong Kong but surging in Kuala Lumpur and Taipei, reports AP.

The Japanese benchmark 225-issue Nikkei Stock Average closed at 96.11 points, or 0.57 per cent.

Meanwhile, the US dollar was quoted at 122.18 yen late Friday, up 0.60 yen from late Thursday in Tokyo and also above its late New York level of 121.85 yen overnight.

Share prices in Hong Kong slumped Friday after two straight sessions of advances.

The Hang Seng Index, the Hong Kong market's key indicator of blue chips, fell 198.15 points, or 1.5 per cent, closing at 12,855.52. On Thursday, the index had gained 40.7 points.

Malaysian share prices soared on hopes that Malaysia will be reinstated into the closely-watched Morgan Stanley Capital International Indexes, or MSCI, dealers said.

The Kuala Lumpur Stock Exchange's Composite Index, which tracks 100 key stocks, rose 4.5 per cent, or 33.29 points, to close at 766.82.

Share prices in Taiwan also closed sharply higher, fueled by gains in US stocks.

The Taipei market's key Weighted Stock Price Index rose 176.33 points, or 2.37 per cent,

Asian stock markets end week mixed

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Elsewhere:

JAKARTA: Share prices closed sharply higher as the Indonesia government signed a new letter of intent with the International Monetary Fund, paving the way for the release of around US \$1 billion in loans from the IMF's bailout package. The Composite Index rose 15.130 points, or 2.6 per cent, to 591.634.

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SYDNEY: Australian share prices closed generally higher, after the country's major banks and other blue-chip industrial stocks helped to boost the market indicator. The All Ordinaries Index rose 25.4 points, or 0.8 per cent, to 3,055.0.

SEOUL: Share prices closed lower on concerns about rising interest rates. The Korea Composite Stock Price Index fell 4.54 points, or 0.6 per cent, to 737.83.

SINGAPORE: Share prices closed higher, with the benchmark index gaining on the back of selective buying of index-linked stocks. The Straits Times Index rose 14.45 points, or 0.8 per cent, to 1,883.28.

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Output grew 1.02pc, show govt statistics
Brazil saw turnaround in first quarter of '98

RIO DE JANEIRO, May 14: Brazil's economy returned to positive growth in the first quarter of 1999, with a 1.02 per cent rise in output, after two consecutive quarters of decline, the government statistics bureau said yesterday, reports AFP.

According to the Institute for Brazilian Statistics and Geography (IBGE), agriculture grew by 17.76 per cent in the first quarter, while services grew 0.92 per cent and industry by 0.11 per cent.

The growth represents a reversal from the fourth quarter's decline of 1.68 per cent, compared to the third quarter. During last year's third quarter, output decreased by 1.54 per cent.

Even so, the figures represent a significantly better economic performance than predictions: officials expected a two-per cent drop in gross domestic product,

compared to the International Monetary Fund's forecast of a decline of as much as 4.0 per cent.

The GDP decline stems from the 5.4 per cent drop in manufacturing and a 4.8 per cent decrease in construction, said IBGE economist Roberto Ollinto.

Many industries may get a boost from the central bank's decision to reduce the inter-bank target interest rate on Wednesday from 29.5 per cent to 27 per cent. The rate has dropped 18 per cent since last March.

The government's move greatly surprised the market, which was not expecting a cut until after next Wednesday's monetary policy council (Copom) meeting.

The most optimistic forecasts were for rates to fall to 25 per cent after meeting of the Copom but at the present rate they could fall to below 24 per cent, analyst Emmanuel Pereira da Silva told AFP.

Rates should fall to below 25 per cent by the end of the first half and to around 18-20 per

cent by the end of 1999, Lloyd's Bank economist Odair Abate said. He added that the base rate for the year should be near 26 per cent, well below the IMF-agreed target of 28.8 per cent.

Central Bank Director Luis Fernando Figueiredo said "strong inflows of foreign capital since last Friday" encouraged the bank to make the move.

However, Abate suggested the government cut the interest rate to inject a "psychological ingredient" on a difficult day for emerging markets, with significant share price declines in Russia, Argentina and Mexico.

The rate change is also likely to stem from encouraging inflation statistics.

In April, Brazil recorded a .03 per cent increase compared to March, when it registered a 1.98 per cent gain.

Brazil also expects to beat IMF forecasts on inflation, with central bank forecasts last week predicting the country's 1999 inflation would be under 15 per cent. The IMF anticipated 16.8 per cent.

Thailand shuns NZ compromise proposal over WTO leadership

BANGKOK, May 14: Prime Minister Chuan Leekpai said today Thailand could not accept a reported proposal to break the impasse on the battle for the World Trade Organisation leadership because "national dignity" was at stake, reports Reuters.

New Zealand officials earlier rebuffed a report of a deal to install their candidate, former prime minister Michael Moore as WTO chief and his Thai rival Supachai Panichpakdi as deputy, saying the idea was creative but lay beyond their power.

Chuan told reporters that Supachai, who is his deputy, would not accept a compromise.

"I just talked to Supachai, who said he is standing firm on staying in the race as he has from the beginning."

"We cannot accept another alternative, if there was any offer for the post of deputy," Supachai could not accept that because it would be tantamount to a loss of national dignity."

Radio New Zealand described the position offered to Supachai as one that would be "almost in parallel" to the director-general's. Asked if Thailand would accept this, its WTO ambassador Krirk Krai Jirapaet told Reuters:

"I don't think so. I don't think that's in the mind of Dr Supachai and if it's not in the mind of Dr Supachai, I don't think it's in the mind of the government of Thailand."

The 134-member WTO is still deadlocked over who should be its next director-general, although its previous head Renato Ruggiero ended his five-year term of office on April 30.

Bank lending in Japan nosedives

TOKYO, May 14: Lending by Japanese banks nosedived 5.2 per cent in April compared to a year earlier in the steepest plummet on record, the Bank of Japan said Friday, reports AP.

Bank lending, a key measure of economic activity, fell 3.9 per cent in March. Outstanding loans by Japanese banks as of April were worth 488.68 trillion yen (\$4.04 trillion), the central bank said.

The central bank noted that the lending by banks, when adjusted for seasonal and special factors, was down 0.8 per cent in April, compared with a fall of 1.1 per cent in March.

Bank lending in Japan nosedives

A slim majority of WTO members led by the United States back Moore.

WTO council chairman Ali Mchumo suggested this month Supachai was out of the running but his efforts to form a consensus around Moore have so far failed. He told WTO envoys last week to "pause and reflect" on the issue.

Krirk-Krai said he personally had not been offered a deal. "But ... we are in a cooling off period and it's natural in such a period that people try to be more innovative to break the impasse."

He said he believed Thailand still had the edge with support from about 70 countries.

The "natural" thing to do now, he said, would be to look to form a consensus around Supachai as proposed by Kenya. If that failed, a result it should go to a vote.

Asked if Thailand was confident of winning a vote, Krirk-Krai replied: "This is not a matter of confidence or lack of confidence. To win or lose doesn't mean much, it's how one wins that matters most."

"We propose a fair game and fair play — we're not fighting to kill each other."

Weekly Currency Roundup

Local Market

Last week (May 9-May 13) started with steady demand for US dollar. Dollar demand spurred up in the last two days due to higher import payment and short supply of the US dollar. Activity in the local interbank market subdued last Tuesday due to a general strike called by the opposition parties. During the week the greenback traded in a range of BDT 48.65 and BDT 48.66.

Trading was sluggish in the kerb market and cash dollar notes traded between BDT 49.50 and BDT 49.70.

During the first two days of the previous week, the call money closed higher and ranged between 9.75 and 11 per cent the call rate reached a new high due to a large difference between Treasury Bill maturity and acceptance. The call rate fluctuated in a elevated range of 10 and 11 per cent. Later, the rate fell from its earlier high and fluctuated between 7 and 8 per cent.

Bangladesh Bank accepted Treasury Bills worth Tk 382 crore. Of them, Tk 76 crore for 28 days at 7.53 per cent, Tk 7 crore for 91 days at 8.60 per cent, Tk 60 crore for 182 days at 8.99 per cent, Tk 74 crore for 364 days at 9.54 per cent and Tk 65 crore for 2 years at the rate 9.96 per cent were accepted.

International Market

Dollar was higher against yen as sentiment for it improved on expectations of further capital outflows. This stemmed from the widening interest rate differential between the United States and Japan and as risks of inflation in the United States receded.

Meanwhile, the pound lost ground against dollar on a news report on plans for its entry into the euro. The biggest relief came over a weaker-than-expected 0.1 per cent rise in overall US retail sales in April. The April US producer price index rose an expected 0.5 per cent.

US Treasury Secretary Robert Rubin's resignation knocked markets in Tokyo and elsewhere in Asia, but little change was expected in Washington's economic policies. Markets anticipate that Rubin's strong dollar policy would continue under his successor, Lawrence Summers. — Standard Chartered Bank

Office of the Police Commissioner
Dhaka Metropolitan Police, Dhaka

Tender Notice

Sealed tenders are hereby invited from bonafide manufacturers/suppliers and dealers for supplying different kinds of goods for Central Police Motor Repairing Workshop, Rajarbagh Police Line, Dhaka Metropolitan Police, Dhaka during 1999-2000 fiscal year. Tenderers will have to deposit earnest money in the form of Bank Draft/Pay Order in favour of the Assistant Police Commissioner (Accounts) DMP, Dhaka. The earnest money of the unsuccessful tenderers will be refunded after receiving the tenders. Tender schedule containing terms and conditions and rules and regulations will be available on payment of Taka 750/- (seven hundred and fifty taka) only non-refundable for each group of spare parts and for each other items (Taka 400/- only for tyre, tube, vulcanising schedule) from the Assistant Police Commissioner (MT & Workshop) Central Police Motor Repairing Workshop, Rajarbagh Police Line, DMP, Dhaka during office hours (from 9AM to 5PM). Tenderers will have to submit tender in sealed envelopes for each group separately alongwith earnest money.

Group of goods and amount of earnest money for each item are given below:

| | |
|---|--|
| 1. Spare parts for motor vehicles group 1,2,3,4,5,6 | = 20,000/- (twenty thousand) taka for (each group) 7,8,9,10, 11, 12, 13, 14, 15. |
| 2. Spare parts for motor cycle | = 30,000/- (thirty thousand) " |
| 3. Tyre tube | = 50,000/- (fifty thousand) " |
| 4. Battery | = 50,000/- (fifty thousand) " |
| 5. Painting material | = 30,000/- (thirty thousand) " |
| 6. Tools | = 10,000/- (ten thousand) " |
| 7. Tailoring goods | = 20,000/- (twenty thousand) " |
| 8. Welding materials | = 20,000/- (twenty thousand) " |
| 9. Servicing goods | = 20,000/- (twenty thousand) " |
| 10. Electric goods | = 20,000/- (twenty thousand) " |
| 11. Burnish, wood and materials for carpenter | =10,000/- (ten thousand) " |
| 12. Machine works (lathe machine) | =25,000/- (twenty-five thousand) " |
| 13. Diesel pump works | =30,000/- (thirty thousand) " |
| 14. Tyre tube vulcanising | = 5,000/- (five thousand) " |
| 15. Spare parts for tempo | = 10,000/- (ten thousand) " |

Interested tenderers are requested to drop tender with Bank Draft in the tender box kept in front of the officer on duty at Police Motor Repairing Workshop by 12:00 Noon on 30.5.99 (Sunday). Tender box will be opened the same day at 12:30 PM in presence of tenderers (if anyone remains present). Tenders without earnest money will be treated as rejected.

Schedule will be sold till 27.5.99. The tender receiving committee reserves the power to accept or reject any tender without assigning any reason.

Md Habibur Rahman
Deputy Police Commissioner (Headquarters)
Dhaka Metropolitan Police, Dhaka

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