IMF hails Asian progress, but warns against euphoria

HONG KONG, May 17: The worst of Asia's financial crisis appears to be over, but the region must not allow "irrational euphoria" to delay needed reforms or leave it unprepared for a possible slowdown in the US economy, the head of the IMF said Monday, reports AP.

Michel Camdessus, managing director of the International Monetary Fund, said in a speech to business executives that Asian financial markets are now headed in the right direction. He said South Korea's gross domestic product could expand 4 per cent and that Thailand could post gross domestic product growth this year, too.

Camdessus also said that the Philippines, Malaysia and "even possibly Indonesia could show some growth this year, while Hong Kong may see growth in the second half of this year.

However, he said he is concerned about financial markets, noting that they may have moved "possibly to a degree of irrational euphoria or premature euphoria."

"The worst of this crisis is over, but there is still a very heavy agenda of reforms," Camdessus said.

He said markets should be ready for a possible slowdown in the US economy or inflationary pressures there, even though no one is sure whether that is about to happen.

"I will not conclude that this moment has come on the basis of the figures published recently," said Camdessus.

Camdessus was commenting on recent economic data, including a report Friday that US consumer prices rose 0.7 per cent in April, the largest monthly gain in nine years.

The IMF leader also discussed Asia's nearly 2-year-old economic crisis during an interview over the weekend with CNBC, a cable TV business channel, and Dow Jones News Wires in Malaysia, where Asia-Pacific finance ministers were meeting.

He said Malaysia has taken advantage of its capital controls to restructure its banking sector, but the Southeast Asian nation still needs to do more to restructure its major companies.

Camdessus said that while capital controls do have a short-term cost in terms of loss of international standing, Malaysia had done a good job of softening their impact.

"I praise the way in which Malaysia has been able to adopt a soft system of controls," he said.

"The IMF has not condemned capital controls. We have simply reminded Malaysia that exchange controls have an international cost," Camdessus said.

Prime Minister Mahathir Mohamad of Malaysia, who turned his back on Western prescriptions for mending its economy, imposed sweeping capital controls in an effort to prevent the kind of investor flight that wreaked havoc in other Asian nations. The controls locked in portfolio capital of $10 billion.

Camdessus said he welcomed efforts by Asian countries to transfer their short-term debt into debt with longer maturities, noting in particular a plan announced by Japan over the weekend to help with this.

Japan said during the APEC meeting in Malaysia that it would guarantee new Asian sovereign bonds, hoping the money that would be raised would be used to restructure regional banking system.

"There's no miracle here, markets have observed the underlying improvement," he said, adding he wasn't concerned about the slow pace of recapitalising banks." The business of recapitalising banks is complicated, particularly in countries like Indonesia, which has had an agitated financial history for the past few years."

Nor did he appear alarmed about Indonesia's general election on June 7.

The IMF has "taken into consideration the efforts of the government to properly organise elections," he said.

On Thailand, Camdessus said the IMF was "satisfied," despite the country's sluggish progress in privatising its state-owned enterprises.

Japan's trade surplus widens by 17.6pc

TOKYO, May 17: Japan's trade surplus with the world rose 17.6 per cent in fiscal year 1998 to a record high total, the Finance Ministry announced Monday, reports AP.

The current account surplus — Japan's broadest measure of trade — climbed to a non-seasonally adjusted 15.227 trillion yen ($124 billion) for the 12 months to March 31, the ministry said.

The previous record was 15.033 trillion yen ($123 billion) set in fiscal 1992.

In March, the surplus fell 25.5 per cent to 1.073 trillion yen ($8.76 billion) from the same month last year, the ministry said.

The figure for the last month of the fiscal year was considerably lower than the 1.560 trillion yen ($12.7 billion) estimate from Tokyo-based economists surveyed by Dow Jones Newswires.

A ministry official said the surplus for fiscal 1998 was lower than the 17.6 trillion yen ($144 billion) forecast by the government, citing as one of the reasons a larger-than-expected fall in exports.

Exports dropped 4.5 per cent to 47.632 trillion yen ($389 billion) last year despite the stronger dollar. A fall in exports to Asia offset rises in shipments to the United States and the European Union.

Imports tumbled 12.9 per cent to 31.588 trillion yen ($258 billion) as imports from all three regions declined.

The ministry official repeated the government's usual stance that Japan's current account surplus was unlikely to grow at a high pace in coming months.

"It is always difficult to talk about the outlook ... but the conclusion, was usual, is that it's unlikely for the current account surplus to grow bigger and bigger," the official said.

Analysts echoed the government's prediction.

The drop in imports tells something about the weak domestic demand, particularly private demand," said Matthew Poggi, economist at Lehman Brothers in Tokyo.

But with recent government measures helping to boost construction activity and housing demand, the current account surplus will likely shrink slightly this fiscal year, analysts said.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to clients.

Currency	Selling TT & OD	Selling BC	Buying T.T Clean	Buying OD. Sight Export Bill	Buying OD Transfer
US Dollar	48.7300	48.7700	48.3100	48.1570	48.0850
Pound Stg	79.1863	79.2513	77.9723	77.7254	77.6092
Deutsche Mark	26.9334	26.9555	25.9355	25.8534	25.8147
Swiss Franc	32.4434	32.4700	31.9363	31.8351	31.7875
Japanese Yen	0.3969	0.3972	0.390	0.3888	0.3883
Dutch Guilder	23.9038	23.9235	23.0182	22.9453	22.9110
Danish Krona	7.0357	7.0415	6.8729	6.8511	6.8408
Australian $	32.8586	32.8856	31.5851	31.4850	31.4380
Belgian Franc	1.3058	1.3069	1.2575	1.2535	1.2516
Canadian $	33.6556	33.6833	32.6662	32.5627	32.5140
French Franc	8.0306	8.0372	7.7331	7.7086	7.6970
Hong Kong $	6.2986	6.3037	6.2193	6.1996	6.1904
Italian Lira	0.0272	0.0272	0.0262	0.0261	0.0261
Norway Kroner	6.3558	6.3610	6.2456	6.2259	6.2165
Singapore $	28.7577	28.7814	27.8364	27.7482	27.7067
Saudi Rial	13.0298	13.0405	12.8453	12.8046	12.7855
UAE Dirham	13.3040	13.3150	13.1167	13.0751	13.0556
Swedish Kron	5.8040	5.8087	5.7280	5.7099	5.7013
Qatari Riyal	13.3929	13.4039	13.1995	13.1995	13.577
Kuwaiti Dinar	164.9628	165.0982	152.7830	152.2992	152.0715
Thai Baht	1.3084	1.3094	1.2926	1.2885	1.2866
Euro	52.6771	52.7204	50.7255	50.5649	50.4893

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6997	45.8945

US Dollar London Interbank Offered Rate (LIBOR)

Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
48.0850	48.7300	USD	4.9000	4.95250	5.06813	5.21625	5.30750
48.0850	48.7300	GBP	5.38125	5.33469	5.31281	5.34438	5.37688
Cash/TC	CAsh/TC	EURO	2.55875	2.57313	2.58688	2.65375	2.66875

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.700/42.800	50.93/50.98	37.26/37.36	3.7998/3.8002	7910/7930	1211/1211.5

Amex notes on Monday's market

The interbank USD/BDT rate was high in the market. Shortage of USD supply in the market pushed the rate towards 48.6500-48.6650 range. Call money market very active on today. Government accepted T Bills worth of BDT 5.16 billion in different maturities on Sunday. Payments for the T Bills made on today against maturities around BDT 3.26 billion. Call rate opened at 8.00-8.50 in the morning and later came down to 7.50-7.75 after the first clearing house.

The dollar was firm against yen on Monday and seen extending gains beyond two month highs it scaled overnight as long as the Japanese authorities refrained from offering the yen verbal support. Confidence in the United States would not oppose a rally in the dollar grew after US Treasury Secretary-designate Lawrence Summers said on Sunday a strong dollar was in his country's interest and that the currency should not be a tool of trade policy. The dollar was at 123.29/34 yen at 0743 GMT.

The euro was at 1.0640/45 at 0827 GMT compared with the 1.0742 peak it hit on Friday after strong US CPI data sparked decline in US bonds and stocks. Sterling was also a focus on the foreign exchange after a report by Financial Times newspaper kept alive talk that the British authorities may have to take steps to weaken the currency in the coming years.

At 1021 GMT the majors traded against US $ at 123.01/123.06 JPY, 1.5004/1.5014 CHF, Euro at $ 1.0674/1.0680 and GBP at $ 1.0684/1.0680.

Camdessus blames lack of transparency for crises

Openness emerging as 'golden rule' of new financial system

HONG KONG, May 17: IMF chief Michel Camdessus said today greater openness was emerging as the "golden rule" of a new global financial regime, blaming a lack of transparency for recurring market crises, reports AFP.

In a speech to regional business leaders here, Camdessus spelled out the essential elements of a new international financial architecture taking shape in the aftermath of the Asian crisis.

"There is a strong consensus for making transparency the golden rule of the new international financial system," the International Monetary Fund's managing director said.

He said openness was "absolutely central to the task of civilising globalisation."

"A lack of transparency has been found at the origin of the recurring crises in the emerging markets, and it has been a pernicious feature of the 'crony capitalism' that has plagued most of the crisis countries."

Tight links between the ruling establishment and chosen business leaders, who were offered state favours and heavy bank loans to build up their empires, have been blamed in part for the crisis that engulfed much of Asia in 1997.

Camdessus said open, competitive markets "function only where transparency exists."

"But the world was very far removed from this. So it may seem like a very tall order to change the culture and attitudes of many decades," the IMF chief said.

He said reform to the financial system must be based on a "mature partnership between governments and market players."

"In normal times, it means establishing an arm's length relationship between governments and markets, neither too close nor too distant."

The Asian meltdown has led to growing calls for a revamp of the international financial system put in place after World War II and for reining in the markets which felled the region's economies.

Camdessus said a consensus was building on the need to establish discipline, standards and codes of good practice in the international markets as an essential pillar of the emerging financial order.

He said a "tremendous effort" was under way to establish standards and codes of good practice for markets at the international level, with the IMF and the World Bank working to promote stronger financial systems.

Camdessus also called for governments and the private sectors to join hands to prevent and resolve crises.

"Just as the public sector is being asked to adapt its culture, so too the private sector will have, I think, to increase its own transparency, to use internationally accepted standards, to promote an arm's length relationship with government."

Financial institutions should be more careful in evaluating and managing risks, he said, calling it a lesson learned from the crisis that struck down countries such as South Korea, Thailand, Indonesia and Brazil.

Camdessus, whose organisation has come under attack for allegedly ignoring the plight of the poor in its bailouts of individual economies, said urgent work was needed to add a "social pillar" to the new financial architecture.

SCB unveils cash management products at seminar

Standard Chartered Bank (SCB) introduced Cash Management Solutions to the local business community and launched Premium Service Banking, a comprehensive business banking service, at a seminar held at Sonargaon Hotel on Sunday.

The seminar was attended by local business leaders and Standard Chartered executives including Sethu Venkateswaran, Chief Executive Bangladesh, Alex Thursby, Regional Head of Corporate Banking for the Middle East and South Asia Region, and S. A. A. Masrur, Head of Corporate Banking, Bangladesh.

Standard Chartered's Premium Service Banking has been successful in some of the most demanding markets of the world. It is also very well-suited to the Bangladesh market, says a press release.

"Businesses are looking at ways to streamline their daily banking and payment activities," said Alex Thursby.

"Today's companies need a business banking service that fully meets their expectations for speed, convenience, efficiency and security. Standard Chartered's Premium Service Banking gives our customers a comprehensive cash management solution".

Sethu Venkateswaran said: "Premium Service Banking includes a complete range of transaction initiation and account information services".

Sethu Venkateswaran, Chief Executive Bangladesh of Standard Chartered Bank, introduces Cash Management Solutions to an audience at Sonargaon Hotel Sunday. Bank's executives Wasim Sarifi, Niel Daswani and Nafees Khundker are also seen in the picture. —StanChart photo

Iqbal Sobhan Chowdhury, Editor of The Bangladesh Observer, conducts LG Lucky draw organised by the Butterfly Marketing Limited to mark the World Cup Cricket. Syed Asaduzzaman, Director of Butterfly Marketing, is on his left while AKM Golam Quader, Proprietor of Nishu Advertising, is seen on his right. — Butterfly Marketing photo

Cambodia in bid to win $80m IMF aid

PHNOM PENH, May 17: Cambodia is negotiating with the International Monetary Fund for about $80 million in subsidised loans, the Finance Ministry said Monday, reports AP.

Much foreign assistance to Cambodia both bilateral and from multilateral institutions, was cut after Hun Sen's violent July 1997 coup toppling his co-premier, Norodom Ranariddh. Some help was also suspended because of concerns over corruption and mismanagement.

The situation began to ease after a relatively free election last year that led to Hun Sen becoming sole premier in a new coalition government.

S'pore opens door wider to foreign banks

SINGAPORE, May 17: Moving to create a more open and competitive banking sector and boost its status as an international financial hub, Singapore announced Monday a programme to liberalise its commercial banking sector over the next five years, says AP.

Lifting the 40 per cent limit on foreign shareholding is one of the three key elements of the reform package, announced by the Monetary Authority of Singapore, the country's de facto central bank.

"In liberalising the banking sector, we seek a controlled shift towards greater competition and more free play for market forces," it said.

"We want to shape and strengthen our banking sector, while maintaining confidence and stability in the financial system," Deputy Prime Minister Lee Hsien Loong, who also heads MAS, said in a statement.

As part of a five-year liberalisation package, MAS will issue a new category of full banking licences to foreign banks, increase the number of restricted banks, and give offshore banks greater flexibility.

But increased access will be granted only to foreign banks that are "strong and well-managed, and committed to growing in Singapore," in order to minimise risks to local investors, it said.

Local banks will be required to appoint a five-member nominating committee within their boards, in order to ensure that only the most competent individuals are appointed to key management positions.

Lee has repeatedly criticised local banks for being too slow to adapt. He warned they could be wiped out by global competition if they don't improve.

But MAS said local banks will be allowed time to strengthen themselves, as the government's objective is "stronger local banks maintaining more than 50 per cent of the market."

Lee Hsien Loong said the measures were "small steps" towards liberalising the domestic banking sector, "rather than any single 'Big Bang' because that's the safer way to do it."

"I think the banks in Singapore including the foreign banks ... will not find such a package a surprise and are prepared for it," Lee told a news conference.

"There are still a lot of restrictions. The foreign shareholding has been lifted but you still have increased local control of local banks," said David Lum, director for banking and strategy of Prudential Bache Securities Asia-Pacific.

Hoechst, Rhone-Poulenc announce merger terms

FRANKFURT, May 17: The German and French chemicals and pharmaceuticals giants Hoechst and Rhone-Poulenc today unveiled the terms of their full, accelerated merger into life sciences group Aventis, says AFP.

Under the terms of the merger, which is expected to be completed by November, Hoechst will hold 53 per cent of the new company and Rhone-Poulenc the other 47 per cent.

Pending clearance by the regulatory authorities and the completion of all legal and fiscal procedures, Rhone-Poulenc will launch an exchange offer for all outstanding shares in Hoechst in October.

The exchange ratio for the offer has been set at three Rhone-Poulenc shares for every four shares held in Hoechst.

Prior to that offer, Hoechst will demerge a substantial part of its industrial businesses into a separately listed unit called Celanese.

These include the activities in organic basis chemicals, the technical polymers business, Ticona; the food ingredients maker Nutrinova; the polypropylene films business Trespaphan; as well as Hoechst's interests in its Targor and Dyneon joint ventures with BASF and 3M.

Also prior to the merger, Hoechst will pay a special dividend to its shareholders and will repurchase 29 million of its own shares.

The deal must be approved by the shareholders of both Hoechst and Rhone-Poulenc at an extraordinary general meeting in mid-July.

The minimum acceptance rate for the exchange offer has to be 90 per cent.

Thailand may stop borrowing from IMF

BANGKOK, May 17: Thailand's finance minister confirmed Monday that the country may be able to stop borrowing from the $ 17.2 million International Monetary Fund rescue programme, says AP.

The step would mark an important milestone in returning to economic good health following the plunge that forced Thailand to seek IMF help in mid-1997, triggering regional economic crisis.

Tarrin Nimmanhaeminda, the finance minister who has closely followed IMF demands to clean up the Thai economy, confirmed recent statements by his chief deputy that Thailand may no longer need IMF loans. But he said that no decision had been taken yet.

"Our policy is not to borrow unless it is really necessary," Tarrin said.

Tarrin said the government would soon receive the next installment of about $500 million in the eighth quarter of the 34-month rescue programme, following a review of seventh-quarter performance.

Shipping Intelligence

Chittagong port

Berth position and performance of vessels as on 17/05/99

Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving
J/1	Jaami	Rice(P)/GI	Kara	Royal	26/4	21/5
J/2	Banglar Kallol	GI	Male	BSC	7/5	17/5
J/3	Santa Suria	GI	Yang	AMBL	24/4	18/5
J/4	Golden Chase	GTSP	Tampa	SSST	28/4	25/5
J/5	Zhong Shan Men (48)	GI	Sing	Unique	10/5	-
J/6	Taraman Bibi	C Clink	Karab	MBL	9/5	25/5
J/7	Vandyck	Wheat(P)	Teki	MSA	6/4	19/5
J/8	Tia Estela	Rice (G)	Kand	USTC	20/4	-
J/9	General Mojika	R Seed	Sing	Rainbow	22/4	18/5
J/10	Mokran	Rice(P)	Kara	Cosmos	12/4	20/5
J/11	Eliza	Cont	Mong	Baridhi	11/5	17/5
J/12	Kotanaga	Cont	Sing	PIL(BD)	13/5	19/5
J/13	Vishva Prafulla	Rice(G)	Viza	Oil	9/5	18/5
CCT/2	Bunga Mas Enam	Cont	P Kel	EOSL	8/5	18/5
CCT/3	Buxmoon	Cont	P Kel	QCSL	12/5	18/5
RM/14	Humber	Cement	Jaka	Able	7/4	25/5
RM/15	Lestariutama-II	C Clink	Indo	PSAL	4/5	22/5
CCJ	Odin-1	C Clink	Sing	PSAL	4/5	20/5
GSJ	Banglar Kakoli	-	-	BSC	R/A	-
TSp	Morning Star	Cement	Pada	USTC	13/4	20/5
RM/4	Kyong Song	Cement	Jaka	USTC	5/5	22/5
RM/5	Nol Aries	HSD	Sing	ECSL	11/5	18/5
DOJ	Banglar Jyoti	C Oil	-	BSC	R/A	17/5
DD	Sea World	Repair	-	CCNL	R/A	20/5
DDJ/1	Tanary Star	Idle	Para	PSAL	-	-
RM/8	A A Venture	Repair	Kara	CLA	11/3	18/5
RM/9	Banglar Moni	Repair	-	BSC	R/A	21/5

Vessels due at outer anchorage

Name of vessels	Date of arrival	L Port call	Local agent	Cargo	Loading port
Unity	17/5	MGL	SSST	In Ballast	-
Arti	17/5	-	Lams	Wheat(G)	-
Achiever (cont)5/5	17/5	Sing	RSL	Cont	-
Everise Glory	18/5	-	USTC	Cement	-
Qcteal (Cont)2/5	18/5	Sing	QCSL	Cont	Mong
Walter	18/5	Kara	JF	-	-
Kota Cahaya (Cont)9/5	18/5	Sing	Pil(BD)	Cont	Sing
Yong Jiang	18/5	Shang	Bdship	GI	-
Wind Fall	18/5	-	Oil	GI	-
BUTI	18/5	-	Able	Cement	-
Mac Tide-27	18/5	Sing	JF	-	-
Karunia Lestari-II	19/5	Kochi	PSAL	Rice(P)	-
Star Glory	19/5	-	PSAL	Cement	-
Budi Teguh (Cont)10/5	19/5	Sing	RSL	Cont	Sing
Sea Eagle	19/5	-	Unicorn	Cement	-
Bright Vega (Roro/24)	20/5	P Kel	BBA	Vehi	-
Alpine	20/5	-	SMSL	GI	-
Nadel Horn	20/5	-	Able	Cement	-
Bunga Mas Lapan (Cont)12/5	20/5	P Kel	Eosl	Cont	Sing
Blue Angel	20/5	-	Eosl	Cont	Sing
QC Pintail (Cont)/12/5	20/5	Sing	QCSL	Cont	Sing
Gangga Nagara	21/5	-	Prog	GI	-
QC Mallard (Cont)12/5	21/5	Sing	QCSL	Cont	Sing
Jubilant(48)16/5	21/5	-	USTC	GI(Long)	-
Xpress Resolve(Cont)11/5	22/5	Sing	RSL	Cont	Sing
Mary Nour	22/5	Lang	BSL	Cement	-
San Pablo(Roro/24)4/5	23/5	Col	JF	Vehi	-
Karana Sembilan(48)10/5	24/5	-	Everett	GI	-
Kota Berjaya(Cont)16/5	24/5	Sing	PIL(BD)	Cont	Sing
Ultima(Cont)12/5	24/5	Sing	QCSL	Cont	Mong
Bunga Mas Lima (Cont)16/5	24/5	P Kel	EOSL	Cont	Sing
Phaethon	25/5	Sant	OWSL	Sugar(G)	-
Fivi	25/5	Dunk	LSC	Wheat(G)	-
Troianu	25/5	Const	Sunshine	GI(Bitumee)	-
Brisa Azul(48)10/5	26/5	-	Everett	GI	-

Tanker due

Ervilia	18/5	Sing	ECSL	HSD	-
General Merkbiladze	13/5	-	TSP	CDSO	-

Vessels at Kutubdia

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival
Energy Explorer-IV	-	-	BBAL	5/4
Seabulk Command	-	-	IBS	R/A(5/5)
Hassbat Qatar	C Oil	JEBE	USS	15/5
Banglar Shourabh	C Oil	-	BSC	16/5

Vessels at outer anchorage

				Ready on
Erodios	Rice(P)	Kand	AMBL	R/A(20/4)
Dubai Odyssey	Rice(P)	Kara	Seacom	26/4
Sea Master-1	GI	P Kel	Oil	30/4
Yanglin	GI	S Hai	Bdship	2/5
Al Muztuba	Rice(P)	Kara	CLA	7/5
Ocean-1	CI	yang	SMSL	8/5
Progreso-1	Wheat(P)	Sing	Seaglory	13/4
Vishva Parimal	Dap	Sing	Litmond	4/5
Tasmia	Urea	UAE	Nishan	8/5
Rattana Naree	Rice(P)	Sing	USTC	9/5
Alam Tegas	Sugar(G)	-	Seaglory	9/5
Kota Naga (Cont)	Cont	Sing	Pil(BD)	13/5
Dragon Kalimantan	Cont	Sing	NOL	14/5
San Mateo(Roro/24)	Vehi	Sing	JF	16/5

The above are shipping position and performance of vessels of Chittagong Port as per berthing sheet of CPA supplied by **HRC Group,** Dhaka.