

Asian economies rebounding, but crisis debate still on

TOKYO, May 26: Asia's financial crisis may be over but debate still rages on its causes and treatment, with the role of the IMF criticised in a new report by the Asian Development Bank Institute, reports AFP.

"Given the new nature of the crisis the inadequacy of the initial policy responses may be partially forgiven but the same mistakes should not be repeated in the future," the institute's report says.

The study offers "a new set of policies to cope with the new Asian-type systemic currency crisis."

Asia's economic crisis was "unique by its severity, duration and contagion," the institute says.

The turmoil that spread across the region from Thailand nearly two years ago was like a double phenomenon, with a capital account crisis, marked by sharp reversals of private capital flows, and a banking crisis linked to a massive credit crunch.

"The vital mistake was made when policy prescriptions for current account crisis were applied to this capital account crisis," the report says.

In other words, the programmes put in place by the

International Monetary Fund proposed classic remedies of strict monetary policies and budgetary austerity as well as drastic moves to clean up the financial system.

That meant "the capital account crisis became a full-fledged domestic financial and real economic crisis."

In fact, the countries ravaged by crisis needed a "neutral" monetary policy while the high interest rates regarded as indispensable for stabilising the currency suffocated the banks and companies.

When we have two targets to achieve we need two instruments not one: first of all an injection of liquidity to address the currency crisis and then low interest rates to address the banking crisis, Masaru Yoshitomi, dean of the Tokyo-based institute, told the Foreign Correspondents' Club of Japan Tuesday.

Yoshitomi has worked as an economist at the Organisation for Economic Cooperation and Development, at the IMF and at Japan's Economic Planning Agency, where he was director general.

In the case of a new crisis the institute put forward recom-

mendations for both international players and local governments. The former should provide quickly and in practical terms, without conditions, the financing needed to contain any liquidity crisis.

"It cannot be emphasised too much that an impressive sum committed upfront makes an enormous difference to market psychology which in turn thwarts the crisis and minimises the amount that needs to be actually withdrawn," the report says.

On the other hand, "foreign creditors wanting to pull out from the countries affected by a systemic crisis should be told collectively to wait and maintain exposure," the institute says.

Short-term private debt could be restructured into long-term debt or turned into equity, it says.

Then the Group of Seven leading industrialised nations and the countries concerned should tackle the problem of under-valued currencies with clear messages and intervention, without resorting to harmful interest rate rises.

Countries that are able to stimulate their domestic

demand in a coordinated way, which would be a much more preferable alternative to competitive devaluations which only spread crisis, the institute says.

"In the affected countries governments should avoid monetary and budgetary austerity, provide their central bank with unlimited and unqualified liquidity, recapitalise banks that deserve to be saved and temporarily suspend international solvency requirements."

"Requiring international capital adequacy standards may be a good idea in normal times but it brings disaster at a time of credit contraction," the report says.

Finally credit, should be extended by all possible means outside the market, particularly through state finance firms.

The institute's Yoshitomi admitted traditional financial systems in Asia must be rebuilt but that must wait until the crisis is completely gone.

"Such systems have to be destroyed. The question is at what cost. I feel the cost has been too high," he said.

The problem is that "institutional changes come only after such crisis," he noted.

Thai stimulus package starts bearing fruit

BANGKOK, May 26: Recession-hit Thailand's \$3.5 billion fiscal stimulus package launched on April 1 is starting to bear fruit, early data show, reports Reuters.

But analysts warned today it may be too early to say the package has succeeded in the absence of more complete data and rises in consumer confidence in coming months.

Nevertheless, barely two months since the package cut the value added tax to seven per cent from 10, Thai department stores have gradually risen and automobile sales have picked up.

Provincial and district offices nationwide are seeking to hire more workers for new infrastructure projects created by the government under the terms of the package.

Projects include building of roads, reservoirs, dams, and dredging of canals.

Bank of Thailand officials told Reuters preliminary department store sales, an indicator of consumer confidence, rose to 8.7 billion baht (\$234 million) in April from 7.8 billion in March and 7.5 billion in February after the VAT cut.

"The preliminary figure we have received from department stores has increased from the previous month," said a central bank official. "The VAT cut is

likely to have something to do with the increase. However, there is also a seasonal factor here as well since April is a major holiday month."

Manufacturing production has also shown signs of further improvement after the package was put in place, she said.

"Production activity has also improved. But the figure will be officially released as monthly data on May 26," she added.

Automobile sales surged 27.6 per cent year-on-year in April to 14,035 units.

Sales of building materials such as cement, and steel showed no substantial increase in April but forward orders for the months ahead have risen, industry sources said.

"This is a stage during which most villages and rural communities are identifying projects they need. That is why actual buying was not yet active in April," said an official of Siam Cement Plc SCC BK, Thailand's biggest producer.

"But we have no doubts that demand will pick up, once the infrastructure project under the package gather steam," he added.

The government has looked to an increase in spending and tax cuts in the package as another way to spur demand.

Exchange Rates

Following are yesterday's Standard Chartered Bank rates of major currencies against Taka:									
Central bank USD/BDT rate: Buying-BDT 48.35/Selling-BDT 48.65									
Selling		Currency		Buying		TT Clean		OD Sight	
TT/OD	BC	TT Clean	OD SIGHT	Transfer	Transfer	Transfer	Transfer	Transfer	Transfer
48.7300	48.7700	USD	48.3200	48.1599	48.0758				
0.4100	0.4103	JPY	0.3869	0.3856	0.3849				
32.9123	32.9393	CHF	31.7665	31.6612	31.5437				
28.5472	28.5706	SGD	27.6430	27.5514	27.5033				
33.6882	33.7159	CAD	32.4906	32.3829	32.2613				
5.7580	5.7627	SEK	5.6774	5.6585	5.6467				
32.5516	32.5784	AUD	30.3208	30.2203	30.0200				
12.9436	12.9542	MYR	12.5991	12.5673	12.5256				
6.3007	6.3059	HKD	6.2148	6.1942	6.1810				
13.0647	13.0754	SAR	12.8139	12.7715	12.7390				
13.3405	13.3514	AED	13.0814	13.0380	13.0047				
0.0409	0.0410	KRW	0.0406	0.0405	0.0404				
79.1180	79.1493	GBP	76.4712	76.2178	75.9405				
52.6138	52.6570	EUR	50.2045	50.0381	49.9507				

Usance Export Bills									
TT DOC	30 days	60 days	90 days	120 days	100 days				
48.2204	47.9228	47.5257	47.0690	46.5725	45.4605				

Exchange rates of some Asian currencies against US dollar									
Indian Rupee	Pak Rupee	THAI BAHT	Mal. Ringit	Indo. Rupiah	Sing. Dollar				
42.36/	50.18/	37.42/	3.7999/	8850/	1.723/				
42.46/	50.26/	37.52/	3.8001	8825	1.724				

US dollar									
Buying		Selling		1 Month		3 Months		6 Months	
Cash	notes	USD	GBP	6.62375	5.28063	5.28063	5.15609		
TC	48.1	48.7	GBP	6.5	6.34813	6	5.67931		

Shipping Intelligence

CHITTAGONG PORT							
Berth position and performance of vessels as on 26.05.99							
Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Date of leaving	
J/1	Jaami	Rice(P)/GI	Kara	Royal	26/4	27/5	
J/2	Stamivory (48)	GI	Sing	F&P	25/5	27/5	
J/3	AL Muztuba	Rice(P)	Kara	CLA	7/5	28/5	
J/4	Golden Chase	GTSP	Tampa	SSST	26/4	28/5	
J/5	Dubai Odyssey	Rice(P)	Kara	Seacom	26/4	27/5	
J/6	Taraman Bibi	C. Clink	Karab	MBL	9/5	27/5	
J/8	Ocean-1	GI	Yang	SMSL	8/5	28/5	
J/9	Yang Lin	GI	S. Hai	BD Ship	2/5	27/5	
J/10	QC Mallard	Cont	PKel	QC SL	22/5	28/5	
J/11	Vishva Parimal (N.P.R.)	Dap	Sing	Litmond	4/5	30/5	
J/12	Alan Tegas	Sugar (G)	Kara	Koshi	Seagory	2/5	30/5
J/13	Kota Cahaya	Cont	Sing	Pil (BD)	18/5	27/5	
CCT/1	Bunga Mas Lapan	Cont	P Kel	WOSL	21/5	28/5	
CCT/2	QC Pintail (Flag)	Cont	Sing	QC SL	24/5	27/5	
CCT/3	Budi Teguh	Cont	Sing	RSL	19/5	29/5	
RM/14	Humber	Cement	Jaka	Able	7/4	5/6	
RM/15	Lestari Utama-ICC	Clink	Indo	PSAL	4/5	27/5	
CCJ	Yongly	C Clink	Jaka	PSAL	20/5	4/6	
GSJ	Arti	Wheat (G)	Dunk	Lams	18/5	1/6	
TSP	Blue Angel	Sulph	Iran	CCNL	21/5	3/6	
RM/4	Pranadya Pratama F.Oil	Sing	CTPL	CCNL	26/5	8/6	
RM/5	Chulham Castle	SFO	Kuwa	MSTPL	23/5	27/5	
RM/6	Kyong Song	Cement	Jaka	USTC	R/A	29/5	
DOJ	Banglar Kakoli	C. Oil	-	BSC	R/A	-	
DDJ/1	Tanary Star	Idle	Para	PSAL	-	-	
RM/8	Unity	Idle	Mong	SSST	17/5	30/5	
RM/9	Banglar Urmi	Repair	-	BSC	R/A	11/6	
CUFLJ	Mary Nour	Cement	Lang	BSL	21/5	1/6	
KAFCO(U)	Tia Estela	-	-	MBL	R/A	27/5	

Vessels due at outer anchorage									
Name of vessels	Date of arrival	L port call	Local agent	Cargo	Loading port				
Eliza (Cont) 17/5	26/5	QBO	Baridhi	Cont	Col.				
Star Glory	25/5	-	PSAL	Cement	-				
Hickory	26/5	-	Kama	-	-				
Kota Singa (Cont) 18/5	26/5	Sing	Pil (BD)	Cont	Sing				
Munajat	26/5	-	HSD	Cement	-				
Ultima (Cont) 12/5	26/5	Kala	QC SL	Cont	Mong				
Fivi	29/5	-	LSC	Wheat(G)	-				
Manhattan	27/5	Algea	ARL	Scraping	-				
Banglar Maya	27/5	Kara	BSC	GI	-				
Zoom Ocean	30/5	-	Able	Cement	-				
Alpine	29/5	-	SMSL	GI	-				
Dubai Orient (48/20/5)	28/5	-	Seacom	S Coil	-				
Triumph Hongkong (48/20/5)	28/5	Sing	RML	ST Coil	-				
Karana Sembilan (48) 10/5	28/5	-	Everett	GI	-				
Briza Azul (48/10/5)	28/5	Yang	Everett	GI	-				
Bunga Mas Enam (Cont) 20/5	28/5	Bar	OWSL	Sugar (G)	-				
Ha Nan No.1	28/5	Bang	QC SL	Cont	-				
QC Teal (Cont) 25/5	28/5	MGL	QC SL	Cont	-				
Spiros-C	29/5	Shoko	Litmond	MOP	(11/5)				
Bang	-	-	-	-	-				
Buxmoon (Cont) 18/5	30/5	Sing	QC SL	Cont	Sing				
Nadel Horn	30/5	-	Able	Cement	-				
Banga Biraj (Cont) 18/5	2/6	Sing	BD Ship	Cont	Sing				
Kota Naga (Cont) 20/5	30/5	-	Pil (BD)	Cont	Sing				
Bhavabhuhi (48) 20/5	30/5	-	SSLL	St Coil	-				
Cardhu	30/5	-	Everett	GI	Cal. Sing				
Dragon Kalimantan (Cont) 23/5 10/6	30/5	-	APL	Cont	-				
Ingunutty (Cont) 25/5	2/6	Sing	RSL	Cont	Sing				
Sin hai (Cont) 25/5	2/6	Sant	OWSL	Sugar(G)	-				
Phaethon	2/6	-	BSC	Cont	-				
Banglar Robi (Cont) 23/5	2/6	-	BSC	Cont	-				
Jaya Mars (Cont) 24/5	2/6	-	Baridhi	Cont	Col				
Revenge	3/6	-	Sunshine	Salt	-				
Achiever (Cont) 25/5	4/6	Sing	RSL	Cont	Sing				
Banga Birol (Cont) 24/5	5/6	-	BD Ship	Cont	-				
APL Violet (Cont)	7/6	-	NOL	Cont	-				
Banglar Moni (Cont) 25/5	7/6	Sing	NOL	Cont	Sing				

Tanker due				
Pratibha Godavari	27/5	Mina	MSTPL	HSD/MS
Aniva	30/5	Kalla	Litmond	C.O/!
Vessels at Kutubdia				
Name of vessels	Cargo	L Port call	Local agent	Date of arrival
Energy explorer-IV	-	-	BBAL	5/4
Seabulk Command	-	-	IBS	R/A (5/5)
Walter	-	Kara	JF	R/A (19/5)
MacTide-27	-	-	JF	R/A (19/5)
Vessels at outer anchorage				
Ready on				
Tasmisa	Urea	UAE	Nishan	8/5
Rattana Naree	Rice(P)	Sing	USTC	9/5
Sun-II	Wheat(P)	Turk	Rainbow	3/5
Aghos Nicolas	Wheat(P)	Turk	MSA	24/4
Handy Islander	GI	Sing	Rainbow	16/5
Banglar Doot	Rice(P)	Pak	BSC	11/5
Young Jiang	GI	S Hai	BD Ship	18/5
Wind Fall	GI	Sing	Oil	18/5
Sea Eagle	Cement	pada	Unicorn	19/5
Sun Bright	Giz	Sing	Seaglory	21/5
Gangga Nagara	GI	Kaus	Prog	22/5
Karinta Lestari-II	Rice(P)	Kochi	PSAL	22/5
Admiral	Cement	Pak	RML	8/5
Hyok Sin	Cement	-	USTC	22/5
Morningstar	-	-	-	-
Xpress Resolve (Cont)	Cont	Sing	RSL	23/5
Jublyant	GI (Log)	Yang	USTC	24/5
Kota Berjaya (Cont)	Cont	Sing	PI (BD)	24
Bunga Mas Lima (Cont)	Cont	P Kel	EOSL	2
Trolanu	GI (BTI)	BABB	CLA	3/5
BUTI	Cement	Pada	Able	26/5
General Merkvil adgje	CDSO	Pase	TSL	26/5