Bid to put 'human face' on global economy

Clinton for end to child labour

CHICAGO, June 13: President Bill Clinton pressed for the abolition of forced child labour around the world here Saturday as part of efforts to put a "human face" on the global economy," reports AFP.

"In many, many communities around the world tens of millions of children work in conditions that shock the conscience and send the products to us and to other wealthy countries," Clinton told a graduation ceremony at the University of Chicago.

"We have to start with the abolition of child labour," he said in a speech to 800 graduating seniors.

Clinton said he was heading to Geneva next week to seek "a worldwide agreement to ban the worst child labour in every nation in the world."

He was to make his pitch Wednesday at the annual conference of the International Labour Organisation (ILO), one day before the parley is to vote on a new convention to ban the worst forms of child labour.

The president also said he was directing all state and federal agencies to "make absolutely sure they're not buying any products of abusive child labour."

Under an executive order, federal agencies are required to ban procurement of goods made by forced or indentured child labour. Contractors found to be in violation of the order would be subject to suspension or debarment from federal procurement.

The order "sends a strong signal at home and abroad that the US government is serious about eradicating abusive and exploitative" practices, said Senator Tom Harkin, a Democrat from Iowa who has been spearheading the fight against abusive child labour in this country.

The ILO estimates that at least 250 million children between the ages of five and 14 are working in developing countries, almost half of them full time, and tens of millions under exploitative and harmful conditions.

Sounding a theme he developed during his State of the Union address in January, the US leader said: "We have not made the adjustment to put a human face on the global economy."

The University of Chicago was a fitting backdrop for Clinton's message that the drive for opening world markets must be coupled with a greater commitment to protecting labour and environmental rights.

The university's world-renowned economics department, which has produced seven Nobel Prize laureates in the past 20 years, is the leading champion of unfettered free-market economics.

"We have to figure out how to build a system that is both free and fair, and not just to workers in the United States, but in other countries of the world," the president said to loud applause.

"The global community cannot survive as a tale of two cities," Clinton said. "I do not believe that a country with 4.5 per cent of the world's people can maintain its standard of living if we don't have more customers."

He called for world trade agreements "that lift everybody up" and "enhance labour standards and environmental protection all across the world."

Clinton urged the US Congress to give him the authority "to use trade talks to protect the environment and the rights of workers."

The president also underscored the need to balance economic growth with environmental protection.

"I believe perhaps the greatest thing that will occupy you for the next 20 to 30 years on this front is the need to find a way to grow the global economy, and to continue to improve the environment, and specifically to reduce greenhouse gases so that we can avert further global warming," he told the students.

Before his arrival, a small group of demonstrators opposed to US sanctions on Iraq and the NATO air campaign against Yugoslavia rallied outside the university to protest the visit.

The president flew back to Washington after his speech.

PAL fights foreign carriers to stay in the air

MANILA, June 13: The Philippine government is taking on foreign carriers in a frantic bid to keep Philippine Airlines (PAL) in the air just two weeks after the flag-carrier scraped up 200 million dollars in fresh equity to escape bankruptcy, reports AFP.

PAL has blamed carriers from Hong Kong, Taiwan, South Korea and Singapore for its financial woes, and called on the government to renegotiate bilateral air agreements granted by the administration of former president Fidel Ramos to limit foreign competition.

The 58-year-old airline blamed foreign carriers for competing unfairly by offering cheaper rates and exceeding the number of passengers they are allowed to pick up from the Philippines under the air agreements.

Travel agents say South Korean and Taiwan airlines charge as much as 14 per cent less than PAL for tickets from Manila to the US West Coast.

Philippine President Joseph Estrada, a close associate of PAL chairman Lucio Tan, immediately responded to the carrier's distress signal by bringing up the issue in a recently concluded state visit to South Korea.

Estrada, who has personally pledged to keep PAL in the air, said the Ramos administration's opening up of Philippine skies to foreign competition marked "the start of the downturn of PAL."

Diplomats and aviation officials last week said they were to begin renegotiations of the air agreements later this month, in a move which analysts said could go against the government's economic liberalization commitments.

Foreign affairs assistant secretary Franklin Ebdalin said talks with Taiwan were to begin this month and warned if Taipei officials were not agreeable, Manila's aviation board may have to "cancel the air agreement."

PAL president Avelino Zapanta has said renegotiating the air agreements is part of Estrada's commitment to help PAL survive.

"These things are moving. We'll have to leave that to the negotiating panel," he said without elaborating.

Analysts, however, say renegotiating the agreements could be a long process as they involved bilateral accords which cannot simply be terminated unilaterally.

Furthermore, such a move could be seen as a step back to protectionism, effectively reversing the country's economic liberalisation thrusts.

Jesus Estanislao, chairman of the Pacific Economic Cooperation Council private think-tank, praised Manila for not bailing out PAL but cautioned it against reviewing the air agreements.

"It may save Philippine Airlines, but it may not save the Philippines," Estanislao told a news conference last week.

He said a study by the Australian government had found the Philippines already had "very high restrictions" in the transport industry which tended to stunt growth.

Estrada has already been criticised for reviving protectionism.

Less than four months ago, a visiting World Trade Organisation review team warned Manila over its selective incentives program and an executive order signed by Estrada granting temporary tariff shields to six industries.

Other critics say PAL's problems are more widespread than its debts.

There are conflicts within PAL management itself, with chairman Tan reportedly planning to axe five ex-Cathay Pacific executives who were hired to save PAL earlier this year.

PAL escaped bankruptcy when it managed to get 200 million dollars in fresh equity before a June 4 deadline.

This fulfilled a condition set by government regulators for the approval of a survival plan, which stretches repayment of PAL's debt of 2.24 billion dollars in loans to 12 years.

PAL, Asia's oldest airline, has been in the red for the six fiscal years running to March 1998.

It was forced to close temporarily in September following a crippling pilots' strike but has since returned to the skies with international support.

Business Briefs

Iran Air flights to S Arabia resume

DUBAI: Iran's national carrier has resumed flights of Saudi Arabia that were canceled last week after apparently failing to get landing rights, the Islamic Republic News Agency reported Saturday.

The agency quoted Ahmad Sane'i, the carrier's deputy commercial director, as saying that "the problem for landing Iran Air planes in Saudi Arabia has been resolved."

Iran Air has a scheduled weekly flight to the Saudi port city of Jiddah.

IRNA quoted Sane'i as saying that the Saudis have allowed extra flights to transport the backlog of passengers stranded by the cancellations.

Sane'i said that 6,660 passengers have been flown on 23 flights since Wednesday, according to IRNA, monitored in Dubai.

No one from the Saudi Civil Aviation authority in Riyadh was available for comment.

Iran Air canceled flights last week after Saudi authorities apparently refused to grant landing rights.

Iran Air began a scheduled weekly flight to Saudi Arabia last September after an 18-year hiatus. Ties between the two countries plummeted after the 1979 revolution brought Islamic fundamentalists to power in Tehran.

Call to encourage GCC private sector

KUWAIT: An independent economist on Saturday urged the six Arab Gulf states to encourage their private sectors to bring back some $700 billion invested abroad to offset the effect of lower oil revenues on their economies.

Jassem al-Saadoun said in a weekly report published by his firm, Al-Shall Economic Consultants, that oil prices are not expected to exceed an average of $15 a barrel this year. The prices will not reach their 1996 average of $20 a barrel in the foreseeable future, he added.

The Gulf states include Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, Qatar and Oman. They lost a total of $17 billion from their gross domestic product in 1998 because of low oil prices, the report said. Estimated deficits in the budgets of these countries rose to more than $20 billion last year from $9 billion the year before.

"Every time there is a major drop in oil prices, Gulf countries feel the pain and announce intentions for financial and economic reform," al-Saadoun said.

China attaches higher priority to stock market

BEIJING, June 13: A string of measures taken recently by the government indicates that China's fledgling stock market has been given higher priority, said Chinese market analysts, says Xinhua.

Detailing the aim of China's recent interest rate cut, an official with the People's Bank of China is quoted as saying that one of the targets was to "push the healthy development of the capital market".

The central bank Wednesday announced hefty interest rate cuts. Deposit interest rates were slashed by an average 1 percentage point and lending rates were reduced by an average 0.75 percentage point.

It said that it expected the interest rate cut to encourage individuals to "adjust the structure of their financial assets".

"It is really remarkable and it indicates the government is paying more attention to the market," said Dong Chen, a financial policy analyst with the China Securities Co.

He further noted that the stock market is hoped to play a bigger role than in the past in assisting Chinese enterprise reform and their struggle to survive falling prices.

A brisk market is also regarded as a positive factor for the consumer market. Lucrative returns for stock investors are expected to make them more willing to spend money, he said.

The stock market has witnessed an improved sentiment, which has pushed indices to successive highs for the year. Daily transaction swelled from just a few billion yuan to dozens of billions. Individuals have begun switching part of their money from banks to stock trading accounts.

Pamela Anderson holds one of her heart-shaped makeup kits during an event to unveil her new "cruelty-free" cosmetic line named "Pamela" at Caesar's Palace Saturday in Las Vegas, Nevada. —AFP photo

Philippines has 3.7m child workers

MANILA, June 13: There are 3.7 million child workers in the Philippines most whom work in dangerous and difficult conditions, a study by the statistics office said Sunday, reports AFP.

Of the total, some 300,000, or eight percent, are believed to suffer from work-related injury or disease, the National Statistics Office survey said.

About 60 per cent, or 2.2 million of the minors, aged five to 17, are exposed to perilous work environment, including poisonous and carcinogenic elements, the study, released by Senator Loren Legarda, said.

"What aggravates the plight of children employed in hazardous work is that they are not covered either by social security protection or employee compensation when they contract disease or suffer injury at work because they are illegally employed," Legarda said in a statement.

This should move Congress to speed up passage of a tougher anti-child labour laws, which would impose heavy penalties on firms or individuals found to be employing children, she added.

Meanwhile, deputy House Speaker Eduardo Gullas said another survey has found an estimated 29,000 children working as domestic helpers without pay.

These workers, he said, were sold by their parents to pay off debts which remains a widespread practice in the countryside.

He urged the labour and social welfare departments to crack down on the practice and hold both parents and employers criminally liable.

Exchange Rates

Following are yesterday's Standard Chartered Bank rates of foreign currencies against Taka.

Central Bank USD/BDT Rate: Buying-BDT 48.35/ Selling-BDT 48.65

Selling		Currency	Buying		
TT/OD	BC		TT Clean	Od Sight Doc	Od Transfer
48.7300	48.7700	USD	48.3200	48.1599	48.0758
0.4278	0.4281	Jpy	0.4079	0.4065	0.4058
32.9926	33.0196	CHF	31.0241	30.9213	30.8079
29.2146	29.2386	SGD	26.2609	26.1738	26.1281
34.2807	34.3088	CAD	32.1597	32.0532	31.9334
6.0275	6.0324	SEK	5.4984	5.4799	5.4682
34.3547	34.3829	AUD	30.1758	30.0758	29.8791
12.9618	12.9735	MYR	12.5817	12.5400	12.5083
6.3314	6.3366	HKD	6.1810	6.1605	6.1474
13.1002	13.1109	SAR	12.7800	12.7377	12.7053
13.3771	13.3881	AED	13.0461	13.0028	12.9696
0.0420	0.0420	KRW	0.0380	0.0379	0.0378
80.0293	80.0950	GBP	76.9158	76.6609	76.3828
52.7600	52.8033	EUR	49.4024	49.2386	49.1526

Usance export bills

TT Doc	30 Days	60 Days	90 Days	120 Days	180 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
43.04/43.14	51.71/51.75	36.92/36.95	8.7999/3.8001	7715/7745	1.7127/1.7137

US dollar

	Buying	Selling
Cash notes	48.15	48.75
T.C	48.1	48.7

Libor

	1 Month	3 Months	6 Months	12 Months
USD	5.62875	5.28063	5.15813	5.15609
GBP	65	6.34813	6	5.67531

Market Commentary

On Sunday, trading in the local forex market was sluggish due to hartal called by the opposition parties. In the interbank market, US dollar traded between BDT 48.66 and BDT 48.68. Call money market was also quiet and the rate ranged between 8 and 9 per cent.

International markets were closed due to weekend.

At New York closing on Friday dollar traded at 117.91/96 JPY. GBP traded at 1.618/73 USD and EUR at 1.0524/27 USD.

China strives to escape consumption doldrums

BEIJING, June 13: Troubling economic numbers from key quarters have pressed the Chinese government to reach ever deeper into its policy bag to boost domestic consumption and fight off disinflation, economists said, reports Reuters.

Beijing's latest step — sharp interest rate cuts which pleased financial markets in China and around the region came last week amid clear signs the economy would get less support than hoped for from trade and the industrial sector.

Effective Thursday, China cut the interest rate on one-year fixed deposits in its yuan currency to 2.25 per cent from 3.78 per cent and trimmed the one-year lending rate to 5.85 per cent from 6.39 per cent.

The euphoria triggered by Beijing's latest move — the Shanghai and Shenzhen stock markets gained sharply — contrasted with concerns about exports and industrial output.

State media quoted Assistant Minister of Foreign Trade Ma Xinhong as saying China's trade surplus in the first five months of 1999 plunged 62 per cent year-on-year to $7 billion. Full trade figures for January to May are due out this week.

At home, the State Statistical Bureau said on Wednesday that China's industrial output rose a year-on-year 8.9 per cent in May to 171.6 billion yuan ($20.7 billion).

That compared with growth of 9.1 per cent in April and 9.0 per cent in March, indicating infrastructure spending launched last year with 100 billion yuan in special bonds and 100 billion yuan in state bank lending designed to keep the economy growing at around seven per cent was gradually losing steam.

Fixed asset investment, mainly by state firms, rose 18.1 per cent in first four months of this year compared with growth of 22.7 per cent in the first quarters.

A senior Hong Kong-based economist said the rate cuts showed Beijing was properly focused on the task of persuading people to spend money instead of stashing it in banks in fear of the future with state sector reform slashing millions of jobs.

"The government thinks that it's time to take some dramatic steps to reverse the trend of inflation as well as to stimulate consumption demand," said Qun Liao, senior economist at Standard Chartered Bank in Hong Kong.

With no fear of inflation, China had much room to consider new pump-priming steps, he added.

Liao said that while the effects on consumption from the previous six rate cuts since May 1996 had been "quite limited", this time could be different.

"This time the cut is much sharper than previous ones and because it is so much sharper, I expect consumption growth will pick up moderately."

Liao said the rate cuts complemented other recent government measures, such as promoting the growth of consumer edit, facilitating housing purchases and raising civil servants' pay.

"There are actually quite a lot of so-called 'growth points' in consumption because the consumption levels of Chinese people is very low — much lower than in other countries," he said.

He cited computers, telecommunications, cars and housing as items that were highly sought-after even in a slowing economy.

Prominent Chinese economists, meanwhile, have stepped up calls for Beijing to launch a special bond issue this year to counter deflationary pressures.

Hu Angang, of the Chinese Academy of Sciences, was quoted last week by the China Economic Times as saying the central government should issue another 100-150 billion yuan ($12-18 billion) in special bonds to expand internal demand.

The bond proceeds should be used to boost social security, said Hu, the latest of economists to urge a new bond issue. Others have said bond proceeds should support home purchases.

Saddam bans begging

BAGHDAD, June 13: President Saddam Hussein has banned begging in sanctions-hit Iraq and ordered penalties of up to three years in jail for offenders, newspapers announced on Sunday, reports AFP.

Cabinet approved the decree, which does not apply to under 18 year olds.

It imposes a three-month penalty on beggars in public places and one year for those who fake a handicap. The maximum term of three years would be slapped on those found guilty of "incitement to beg" in organized groups.

Iraq's 22 million population have been living under UN sanctions since the 1990 invasion of Kuwait. The embargo has led to the dinar's collapse against the dollar, sharp price rises and a drastic decline in living standards.

IMF tells Vietnam to take bolder reforms

WASHINGTON, June13: The International Monetary Fund told Vietnam yesterday to take bolder steps in reforming its economy if it wanted to see lower inflation and sustained economic growth, says Reuters.

In an annual review of Vietnam, the IMF expressed its concern that the country's economy had deteriorated in 1998 due to the Asian financial crisis but praised government policies for containing inflation.

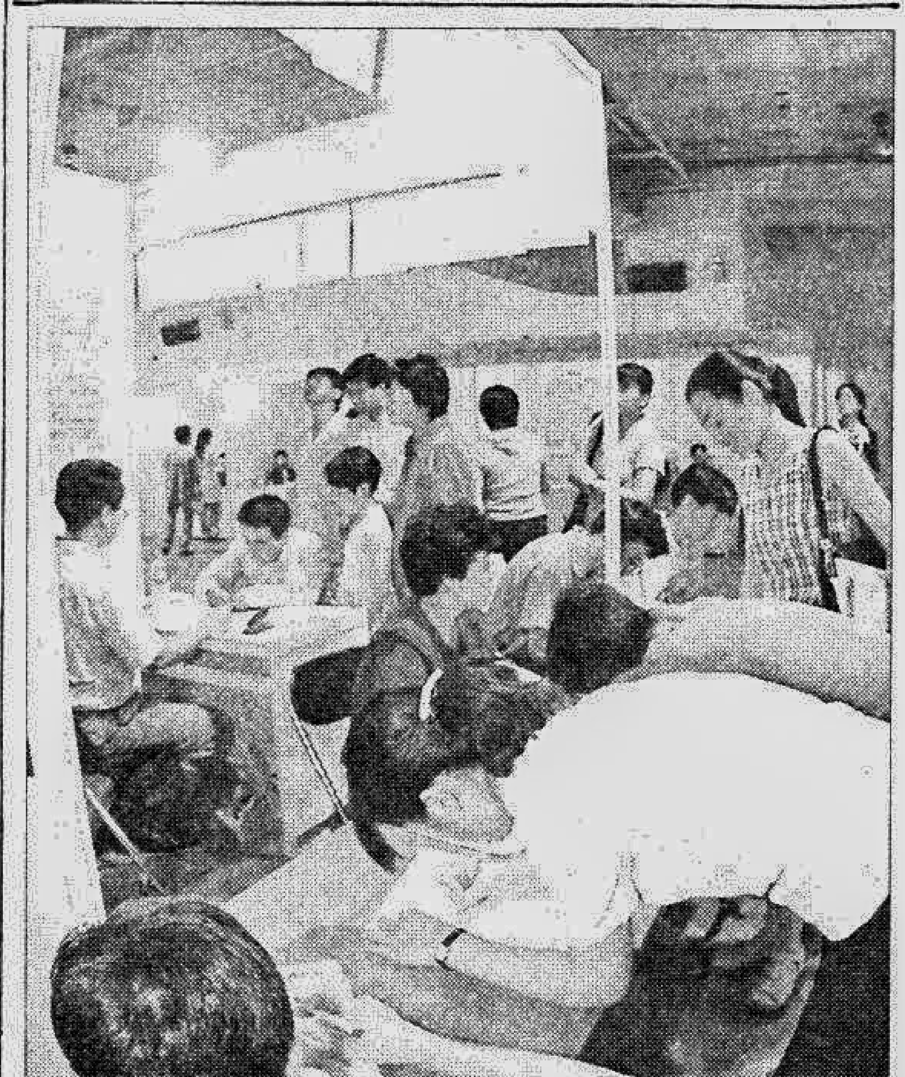
"While Vietnam would clearly benefit from the emerging economic recovery in the region, it remained essential to take a bolder and more comprehensive approach to reform."

The IMF said, however, that a few of its directors thought a more gradual approach to reform was preferable, noting this was better for social and political stability.

The report said the bolder approach to reforms should encompass the trade system and state-owned companies and banks.

It urged the government to consider "all policy options" in tackling the state-owned company sector, including closures.

The study saw the Vietnamese economy growing by 3.5 per cent this year, at the same rate as 1998. It told the government to improve the quality of its statistics to bring them in line with international standards.



Job applicants fill in various application forms at a job fair in Beijing Sunday. Officials estimate there will be a 16 million job shortfall this year as laid-off workers, fresh graduates and demobilised soldiers join the workforce, pushing the official unemployment figure to 6.5 per cent of the urban workforce, the highest rate since 1949. —AFP photo

White House, SEC create Y2K kit for investors

WASHINGTON, June 13: The White House joined Wall Street's top regulator on Thursday in a joint effort to educate the public about the US financial services industry's readiness for 2000, reports Reuter.

The President's Council on Year 2000 Conversion and the Securities and Exchange Commission (SEC) said they had developed a kit to help brokerage firms, markets, regulators and news media provide information to the public about Wall Street's Y2K readiness.

The National Association of Securities Dealers (NASD), parent of the Nasdaq stock market, and the Securities Industry Association, Wall Street's lobbying voice in Washington, also participated.

The "Year 2000 Investor Kit" offers tips like keeping good records and staying informed about what financial service providers are doing to prepare. It says don't worry about obtaining stock certificates.

It can be accessed through the NASD's web site, www.nasd.com. Investors can also check the readiness of traders, mutual fund companies and investment advisers on the SEC's site, www.sec.gov.

"It is important for investors to educate themselves about the Y2K preparedness of their securities firms as well as any other financial companies they deal with," SEC Chairman Arthur Levitt said in a statement.

Weekly Currency Roundup

Most Asian units strengthen

HONG KONG, June 13: Most currencies in the Asia-Pacific region strengthened against the greenback amid general concern over the possibility of tighter monetary policy in the United States, says AFP.

Japanese yen: The yen gained ground during the week, backed by strong growth figures for the three months to March, dealers said.

The Japanese unit traded at 118.65-68 against the dollar late Friday, compared with 121.60-63 a week earlier.

Investors bought the currency on hopes that the Japanese economy would achieve full recovery after its gross domestic product rose a surprising 1.9 per cent, registering its first growth in 15 months.

But the yen-buying sentiment was limited as the Bank of Japan stepped into the market to halt the yen's surge.

Australian dollar: Weak gold prices and a possible tightening in United States monetary policy will be waning influences on the Australian dollar in the week ahead, brokers said.

"A rebound in Japanese gross domestic product, rate cuts in China and Britain and continuing optimism over the economic recoveries under way in Asia are exciting greater dominance over the Aussie," said Colonial State Bank economist Craig James.

"While a 64 to 67 US cent range remains in place, upside risks prevail."

The local unit finished the week at 66.28 US cents, from 64.98 US cents a week earlier on the back of firmer commodities and developments in Japan.

On the Reserve Bank's trade weighted index, the Australian dollar closed at 58.7 from 58.2 the previous week.

Singapore dollar: The Singapore dollar appreciated to 1.7135 against the greenback from 1.7262 a week ago, boosted by positive sentiment to the relatively violence-free elections in neighbouring Indonesia.

Hong Kong dollar: The Hong Kong dollar closed at 7.7565-7.7575 to the greenback, compared to 7.7558-7.7563 a week earlier.

Indonesian rupiah: The rupiah strengthened to 7,711 rupiah to the dollar at close of trade Friday compared to 8,148 to the dollar a week earlier.

Philippine peso: The peso rose by 0.3 per cent to close at 37.90 pesos to the dollar on Friday from 38.028 pesos to the dollar on June 4.

South Korean won: The won strengthened further from 1,182.9 won per dollar a week ago to 1167.00 this week, exerting heavy pressure on South Korean exports.

Taiwan dollar: The Taiwan dollar rose 0.5 per cent over the week to close at 32.459 against the US dollar Friday, spurred by the central bank's prediction of a stronger Taiwan dollar earlier this week, dealers said.

Thai baht: The baht gained slightly against the dollar over the week. Dealers attributed the rise to regional influences following the peaceful election in Indonesia and capital inflows into Thailand.

The baht closed Friday at 36.90-93 to the greenback, compared to the previous week's close of 37.09-11.

Poor country debt relief drive

Tietmeyer for less dogmatism on IMF gold sales

FRANKFURT, June 13: Bundesbank President Hans Tietmeyer today said that the question of selling International Monetary Fund gold to pay for poor country debt relief should be studied more carefully and professionally.

Tietmeyer said in an interview on German radio that the German central bank, which has long opposed such a move, was not dogmatically against the idea, but would have to be convinced of the economic sense of such a move to give its approval, reports Reuters.

Tietmeyer said, according to a transcript of the interview: "For the Bundesbank this is not a question of belief but rather a question of the economic response."

He was responding to a question asking for his view on the sale of a small amount of International Monetary Fund gold to fund debt relief for the world's poorest nations.

Germany, and particularly the Bundesbank, have in the past firmly opposed such sales, but Bonn's position has turned round since a new government was elected last September.

German Finance Minister Hans Eichel said on Saturday that Bonn would back the sale of up to 10 million ounces of gold by the IMF. This would amount to about 10 per cent of its total holdings and be worth about $2.6 billion at current prices.

Tietmeyer repeated that the Bundesbank's preferred way to reduce debt would be through bilateral agreements.

But he added: "If that is not enough, and it appears that it may not be enough, then one must certainly look into the question of whether the gold reserves can be used in part, and by that I mean in a very small part."

Tietmeyer noted however that the sale in itself would push down gold prices, which could cause problems for some of the poorest countries which are gold producers.

"If there have to be any gold sales at all then it should only be in very small quantities and a part of them should be used to replenish the International Monetary Fund reserves," Tietmeyer said.