

Asian market rebound even amazing for naysayers

TOKYO, July 2: Two years after Asia's financial crisis began, economists are busy debating whether the region is on the road to a full recovery.

But even the naysayers are amazed by the remarkable rebound of its stock and currency markets, reports AP.

In Thailand, where the crisis began July 2, 1997, when the baht currency was floated and then collapsed, the Central Bank is now considering buying US dollars to slow its rebound.

In Indonesia, one of the worst victims, the stock market has bounced back to a remarkable 160 per cent from last year's low point. The rupiah currency, which fell so far it became a laughing stock on world markets, is now 150 per cent higher.

Even Japan, the world's second largest economy, is struggling to prevent the yen from rising against the US dollar. The reason? That would hurt exporters such as Sony and Toyota, crucial assets in a country battling its worst recession since World War II.

Strong recoveries also have been seen on the financial markets of South Korea, Singapore, Malaysia, Hong Kong, the Philippines, Australia and New Zealand.

P K Basu, chief economist for Southeast Asia at Credit Suisse First Boston in Singapore, said prolonged rallies such as these are a sign of hope for the entire region.

"Just as all of Asia went down together, all of Asia can rise together. A rising tide will lift all boats in Asia," he said.

Increased demand in countries that recover the fastest will drive recovery in the rest of the region, Basu said.

Even Japan, whose economy is bigger than all the other Asian ones combined, could be helped by increased demand from its recovering neighbours, given how much they import from Japan, he said.

Other economists are less optimistic.

Market rallies such as these are not based on fundamentals. They are based on expectations. This euphoria may be a bit premature," said Bruce Gale, an analyst for Political and Economic Risk Consultancy, a research firm based in Hong Kong.

Worse still, Gale said, such improvements could lead governments to delay the painful economic reforms demanded by

the International Monetary Fund in an effort to prevent another crisis.

They include reducing Asia's excessively cozy relationship between governments and businesses that led to a lot of bad investments, and redesigning faulty and struggling banking sectors.

Asia's turmoil began in 1997 with a huge and sudden withdrawal of foreign investment from countries such as Thailand and their fast-growing economies, setting off a banking and a currency crisis.

The baht nose-dived, and the Thai financial system quickly collapsed. Meltdowns followed across Asia, and they eventually spread to emerging markets from Russia to Latin America.

Even Wall Street suffered some big losses as investors worried whether the strong US economy could withstand a global crisis.

Since then, Asian markets have stabilised or improved dramatically, and some of the region's economies are recovering.

"The markets show that South Korea has come a long way since the breakout of the crisis," said Kim Byung-joo, an economics professor at Seoul's Sogang University.

mestic product grew by 4.6 per cent in the first quarter of this year. Singapore's grew by 1.2 per cent.

Even the Indonesian economy grew 1.82 per cent in the second quarter, compared with a year earlier. It was the first year-to-year pickup in growth since the fourth quarter of 1997.

But unemployment remains high across the region, and there is no sign that the huge numbers of poor people are falling.

In fact, a recent World Bank report said the world's population of people in abject poverty grew by 200 million in the last decade. It said one main reason was the Asian crisis, and it called for bailout programmes and preventative measures to provide urgent relief for suffering people, not just suffering economies.

Even in South Korea, where financial markets appear healthy again.

"The markets show that South Korea has come a long way since the breakout of the crisis," said Kim Byung-joo, an economics professor at Seoul's Sogang University.



A shopkeeper arranges her fancy soft-drink bottles on Friday at a Bangkok shopping centre. The fancily designed bottles are available at 100 baht (USD\$2.50) apiece and are aimed to attract foreign tourists.

— AFP photo

China's trade with ASEAN, APEC, EU up

BEIJING, July 2: China's volume of trade with ASEAN, EU and APEC grew by 2 to 16.6 per cent during the first five months of the year, according to figures provided by the General Administration of Customs, reports Xinhua.

China's total trade volume with the Association of Southeast Asian Nations (ASEAN) grew 10.2 per cent to 9.852 billion US dollars. China's exports to ASEAN reached 4.258 billion US dollars, up 3.3 per cent, imports from ASEAN surged 16.1 per cent to 5.594 billion US dollars.

Total trade value between China and the European Union reached 20.195 billion US dollars, up 16.7 per cent. Exports to the EU climbed 0.6 per cent to 10.774 billion US dollars and imports from the EU surged 42.8 per cent to 9.421 billion US dollars.

Cuba to use euro in business with EU

HAVANA, July 2: Cuba yesterday became the first Latin American country to use the euro in transactions with European Union member states, a move hailed by dozens of visiting Spanish executives, reports AFP.

Havana's decision was announced on January 26 and came into effect on Thursday, giving Cuban businesses ample time to adapt their procedures to the policy.

Some 70 Spanish business leaders welcomed the move after arriving here for a two-day meeting of the Cuban-Spanish Committee for Business Cooperation.

The head of research in Spain's Chamber of Commerce, Ganzalo Solana, said the euro would boost tourism to Cuba.

"The euro will have a positive effect and will promote trade relations between Spain and Cuba," he said.

Gazipur PWD Division Tender Notice

1. Tender No : 206/98-99.
2. Name of work : S/R to Nurses Dormitory, Family Planning Training Center, pump house and garage of Kaliakoir Thana Health Complex, Kaliakoir in the Dist of Gazipur, during the year 1998-99.
3. Estimated cost : Tk 1,31,462/-
4. Earnest money : Tk 2,630/-
5. Time allowed for completion of work : 30 (thirty) days from the date of issue of work order.
6. Price of tender schedule : 425/- (Tk. Four hundred twenty-five) only per set.
7. Place of selling & receiving tender : Office of the undersigned including all Executive Engineer's offices under Savar PWD Circle, Dhaka.
8. Last date of selling tenders : During office hours up to 18-7-99.
9. Date of receiving : Up to 12.00 Noon on 19-7-99 and will be opened on the same day at 12.15 PM.
10. Eligibility of contractors/firms to compete in the tenders : Category applicable as per financial limit of authorised enlisted contractors of PWD.
11. To compete in the tender pre-conditions, terms and conditions with special terms and conditions along with relevant information are laid in the tender schedule which may be seen accordingly.
12. The undersigned reserved the right to reject or accept any or all of the tenders without assigning any reason.



Pictured on Friday is China's new 100-yuan (US\$12-dollar) note with a large full-face portrait of communist China founder Mao Zedong. Beijing's central bank has announced it will begin issuing this high-tech fifth generation of bank notes for the People's Republic of China's 50th anniversary on October 1.

— AFP photo

Vietnam, US seek to close gaps for trade pact

HANOI, July 2: Vietnam and the United States will continue seeking agreement on a long-awaited trade pact, and a final deal could be signed before the end of the year, sources close to the talks said today, reports Reuters.

The two sides agree that further progress could be made," said one source, who declined to be identified. "We're looking at reaching some kind of conclusion."

Another source said no more formal negotiations were planned, but it was hoped gaps between the two sides could be closed ahead of a possible visit to Hanoi in late July by US Trade Representative Richard Fisher.

The eighth and final round of talks concluded in Washington on June 18, and US trade officials said significant progress had been made in narrowing a shrinking list of differences.

Vietnam Trade Minister Truong Dinh Tuyen, in a bid to settle outstanding issues believed to include non-tariff barriers, had hoped to meet US Trade Representative Charlene Barshefsky at the just-con-

cluded Asia-Pacific Economic Cooperation meeting in New Zealand.

Barshefsky pulled out of the meeting at the last-minute for personal reasons, and Tuyen met her deputy, Fisher.

The sources added that Washington would send an expert to Hanoi in July to work on technical assistance and that US trade negotiator Joe Damond would follow later.

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