

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 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 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.

South Korea, the largest Asian economy to require an IMF bailout, saw its gross do-

mestic product grow 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 Byong-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 South-east 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 AP.

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, Gonzalo Solana, said the euro would help boost tourism to Cuba.

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

11.68 pc surge in May exports

Indian analysts greet data with guarded optimism

NEW DELHI, July 2: Indian trade analysts yesterday greeted an 11.68 per cent rise in May exports with guarded optimism, saying the growth was compared against low figures last May, reports Reuters.

"The high growth in May has to be viewed in the right context. Exports contracted by 17 per cent in May 1998," said an analyst with an international broking firm in Bombay.

The latest government figures showed that exports in May 1999 rose to \$2.65 billion from \$2.37 billion in May 1998. Exports in April-May 1999 rose 6.09 per cent to \$5.30 billion from \$5.0 billion in the same period a year ago.

Analysts said they expected exports to show a moderate growth in 1999/2000. "There is some recovery but we don't expect a very sharp recovery in fiscal 1999/2000 (April-

March)," said Mona Chhabra of DBS Securities.

"For 1999/2000 (April-March), we are expecting an export growth of about 4.5-5.0 per cent," said the Bombay-based analyst who asked not to be identified.

Some experts said May 1999 data signalled an economic recovery.

"We are seeing the early signs of a revival in the economy. We are seeing external demand partly on account of a revival in the world economy and because the rupee is near competitive," said Sanjeev Sanyal, an economist with Deutsche Bank.

"Although it is still early in the cycle, the signs are positive," Sanyal said.

Anindya Chatterjee, research head at ANZ Investment Bank, said the export performance would encourage the government to let the rupee

float at its current levels.

"The exports data is positive, it shows growth above expectations. Had exports done badly, the authorities may have been keen on a weaker rupee, but now this emphasis may not be there," Chatterjee said.

After months of stability at around 42.50 to the dollar, the rupee hit the skids in late May as tension escalated between India and Pakistan over the disputed northern region of Kashmir.

On Thursday, the rupee closed at 43.375/38 per dollar.

Most analysts agreed a fall in non-oil imports, which dropped nearly 10 per cent to \$5.34 billion in April-May 1999 from \$5.93 billion in 1998, was a worrying sign.

"The decline in non-oil imports is a cause for concern. This throws a spanner in the hope for recovery."



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

Clinton's veto threat ignored US Senate okays \$12.6b foreign aid bill

WASHINGTON, July 2: Ignoring a veto threat by President Bill Clinton, the US Senate on Wednesday approved \$12.6 billion in foreign aid spending that the White House said was "grossly inadequate" and would weaken US leadership around the world, reports Reuters.

The fiscal 2000 Senate package, approved 97-2, includes \$535 million to help Kosovo and its neighbours but declares Serbia a terrorist state and allocates \$20 million to train and equip a Kosovo security force.

Before the final vote, the Senate rejected 55-43 an amendment that would have lifted restrictions on travel by Americans to Cuba.

The bill provides \$1.8 billion less than requested by the Clinton administration and includes language threatening to cut aid to Russia unless its forces in Kosovo are completely integrated under NATO command.

The Clinton administration said the bill's provision to fund a security force "could be interpreted as aimed at training and equipping the Kosovo Liberation Army" — a direct blow to a recent agreement by the ethnic Albanian group to disarm under NATO supervision.

Given the sensitive rivalries in the province, an administration statement said, it "could threaten the lives of American military and civilian peacekeepers."

Members of the KLA may very well be included in a security force, but that is not a decision for us to make," said Sen Mitch McConnell, a Kentucky Republican.

"The declaration of Serbia as a terrorist state would block US bilateral aid to Belgrade and allow Kosovars to take Yugoslav President Slobodan Milosevic to court to recover damages from the Serbs' ethnic cleansing campaign."

US congressional body okays NTR with China

WASHINGTON, July 2: A powerful US congressional committee yesterday backed President Bill Clinton's decision to renew trade ties with China despite spying allegations and human rights concerns, reports Reuters.

The vote by the House Ways and Means Committee was a victory for Clinton, who is eager to renew Beijing's normal trade relations status for another year.

NTR, which used a called most-favoured-nation trade status, gives China the same low-tariff access to US markets enjoyed by nearly every other country.

But Clinton's fight is far

from over. The full House of Representatives is expected to vote on NTR by Aug. 3, before taking a recess, and many lawmakers are up in arms over allegations that China stole secrets from US nuclear research facilities.

Opponents of NTR also argue that continued trade ties have done little to stop human rights abuses or weapons proliferation, and they fume over a growing trade deficit.

"(US) policy has still not made trade fairer, people freer or the world safer," said Representative Nancy Pelosi, a California Democrat. "The underlying policy remains the same — and remains a failure."

The Ways and Means vote was on a resolution that would overturn Clinton's decision to renew China's trade privileges. The panel sent the resolution to the full House with a recommendation that lawmakers vote against it and support trade with China for another year.

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 Deputy 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.

"Maybe when Fisher comes if they don't have the actual (trade deal) text ready, maybe they could sign a memorandum of understanding."

Industry Commissioner placed on leave of absence EC plunges into new crisis

BRUSSELS, July 2: The European Union's executive body plunged into a new crisis yesterday when Industry Commissioner Martin Bangemann was placed on leave of absence after accepting a controversial job in the private sector, reports Reuters.

Bangemann's announcement on Wednesday that he planned to join the board of Spanish telecommunications company Telefonica — a leader of the European telecommunications sector which he helped to regulate — provoked a storm of protest.

Critics raised questions about possible conflict of interest and whether Bangemann was acting in line with the EU treaty.

The row marked a new public relations setback for the European Commission, desper-

ately trying to regain public confidence after it resigned en masse in March following a damning report on fraud and mismanagement in its ranks.

The Commission held a special meeting with Bangemann, 64, on Thursday to hear him explain his decision to join the Telefonica board and to become an adviser to the company's chairman.

A Commission spokesman said acting President Jacques Santer had ordered Bangemann to take a leave of absence until EU governments had taken a legally binding decision on his status.

With Bangemann taking no further part in Commission activities, his duties will be taken over temporarily by Competition Commissioner Karel Van Miert, the Commission said.

Commission President-designate Romano Prodi, who is putting together a new EU executive expected to take charge in September, said he shared the concern over possible conflicts of interest arising from former Commissioners taking new jobs.

"Consequently, I have decided that as soon as the new Commission is in place, I shall propose the adoption of clear and transparent rules governing this situation," Prodi, a former Italian prime minister, said in a statement.

The Commission said in a statement it was surprised by "the sudden announcement of Bangemann's plan."

But the EU executive, appearing to accept a series of guarantees from Bangemann about his conduct, said it was not seeking any legal sanction against him.

Weekly Currency Roundup

June 27-June 29, 1999

Local Market

Last week was an active but short one, as there were only three working days because of Thursday being a bank holiday. The week started with a moderate demand for dollar but the demand picked up as the week proceeded. The demand for the greenback reached a zenith on Wednesday due to the month-end and profit remittance-related reasons. Throughout the week the market experienced demand for dollar due to import-related payments. In the interbank market, US dollar ranged between BDT 48.65 and BDT 48.69. Cash US dollar traded in a higher range of BDT 50.00 and BDT 50.40 during the week.

The call money market was insipid and the demand for call money was moderate. During last week, the call rate ranged between 7 to 8 per cent.

Bangladesh Bank accepted Treasury Bills worth of BDT 9755 million. Of these, BDT 8430 million for 28 days at the rate of 7.50 per cent, BDT 150 million for 182 days at 8.86 per cent, BDT 970 million for 364 days at 9.26 per cent and BDT 200 million for 2 years at 9.46 per cent.

International Market

In the international markets, the dollar traded in a narrow range against yen in 121 yen level but persistent wariness of possible Bank of Japan intervention prevented market players from selling activity. The market players are awaiting the Japanese corporate survey report — Tankan and the US Job data. Throughout the week, dollar maintained a firm footing against the major currencies on expectations that US federal Open Market Committee would hike rates by a quarter points at the week's meeting. As expected the Federal Reserve ended its two-day meeting by pushing the Federal rate up a quarter of a percentage point to 5.0 per cent and leaving the discount rate unchanged at 4.50 per cent. But the Fed also commented that it has adopted a neutral bias, abandoning the stringent policy bias it adopted in late May. Federal Reserve rate like has led the market to sell euro aggressively on Thursday and euro was forced to a new low at 1.02 level against dollar. The interest rate gap between the two currencies is the main reason for this fall. Pound sterling is still sagging against dollar and the interest rate of the two currencies are very similar now.

— Standard Chartered Bank



BCIC Tender Notice (Shortened)

বিসিআইসি'র পণ্য শিল্পায়নে জাতীয় অগ্রগতির প্রতীক

Sealed tenders are invited by Managing Director, JFCL, Tarakandi, Jamalpur from A-3 and its upper classes of contractors renewed in BCIC during 1997-98 for the work of sound proof of the auditorium of the Officers' Club Building at an estimated expenditure of Tk 3,73,505/- only. Each set of tender document can be purchased at the cost of Taka 500/- (five hundred) only (non-refundable) till 13-7-99 during office hours from the Accounts Division, JFCL Tarakandi, Jamalpur and Accounts Division, BCIC, Dhaka. Tenders will be received till 14-7-99 at 11:00 AM in the tender boxes kept at the Construction Division, BCIC, Dhaka and the Construction Division, JFCL, Tarakandi simultaneously and will be opened immediately after it in presence of the tenderers. Detailed information will be found in the tender document.

BCIC-582-23/6/99
DFP-14547-28/6
C-1239

Government of the People's Republic of Bangladesh Office of the Executive Engineer PWD Divn No II, Rajshahi

PWD Tender Notice No 52, 53 of 1998-99 Eng

Tender in sealed cover are hereby invited in Bangladesh Form No 2911 from undermentioned approved contractors of PWD for the undermentioned works. The tender will be received by the undersigned as well as by the Executive Engineer, PWD Divn-I, Rajshahi/Pabna/Natore/Naogaon and Sub-Divisional Engineer, PWD Sub-Division, Nawabganj up to 12-00 Noon on 14-07-99 Eng. In the tender box kept for the purpose in the room of their respective offices and will be opened on the same day at 12-15 PM in presence of the tenderer who may like to remain present.

Earnest money must accompany with each tender in BD/SDR/PO or CD in favour of the undersigned from any scheduled bank of Bangladesh. Contract tender documents can be seen and obtained from the office of the Executive Engineer, PWD Divn-I/II, Rajshahi/Pabna/Natore/Naogaon and Sub-Divisional Engineer, PWD Sub-Divn-II, Rajshahi and Nawabganj on payment of fixed charges (non-refundable) up to during office hours on 13-07-99 Eng.

Sl No	Name of work	Estimated cost	Earnest money	Class of contractor
1.	Special repairs to different building of hostel, doctors qrs (1250 sq-ft unit) and class-III (three) employees qrs (800-sq-ft 12-unit) attached to Sadar/Modern Hospital at Nawabganj, 1998-99 Eng.	Tk. 258823/-	Tk. 5177/-	All classes of approved building contractor of PWD.
2.	Special repairs to sanitary and water supply arrangement to different building of hospital and staff qrs attached to Sadar/Modern Hospital at Nawabganj, 1998-99 Eng.	Tk. 124175/-	Tk. 2484/-	All classes of approved sanitary and plumbing contractor of PWD.

DFP-14394-24/6
G-1223

Md Abdur Rahim
Executive Engineer
PWD Divn. No-II, Rajshahi.

Gazipur PWD Division Tender Notice

- Tender No : 206/98-99.
- 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.
- Estimated cost : Tk 1,31,462/-
- Earnest money : Tk 2,630/-
- Time allowed for completion of work : 30 (thirty) days from the date of issue of work order.
- Price of tender : 425/- (Tk. Four hundred twenty-five) only per set.
- Place of selling & receiving tender : Office of the undersigned including all Executive Engineer's offices under Savar PWD Circle, Dhaka.
- Last date of selling tenders : During office hours up to 18-7-99.
- Date of receiving and opening of tender : Up to 12.00 Noon on 19-7-99 and will be opened on the same day at 12.15 PM.
- Eligibility of contractors/firms to compete in the tenders : Category applicable as per financial limit of authorised enlisted contractors of PWD.
- 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.
- The undersigned reserved the right to reject or accept any or all of the tenders without assigning any reason.

Md Rafiqul Islam
Executive Engineer
Gazipur PWD Division, Gazipur
Phone No. 2468

DFP-14626-29/6
G-1245