Thailand urged to improve investment climate

BANGKOK, July 8: Organisations representing foreign investors in Thailand have asked the government to amend rules and legislation to allow foreigners to conduct business more easily in the country, reports AP.

Their recommendations, contained in a report titled "Toward Enhancing Thailand's Investment Climate," were reported by Thai newspapers Tuesday.

The report was the subject of a discussion held Monday between Prime Minister's Office Minister Savit Bhotiwihok and foreign business representatives.

The representatives of the foreign chambers of commerce and other trade organisations are seeking not only changes in investment promotion policies, but also an overhaul of the whole investment climate, covering such widespread issues as education and job training, and legal and tax reform.

Speaking at a press conference after the meeting, Savit said that 'The government has been paying attentions to their proposals.'

He said government agencies are working to address the concerns of foreign businessmen in Thailand, but didn't say when those issues will be solved.

Issues that were raised by the foreign businessmen included tax and non-tax incentives for foreign companies to set up their regional headquarters and representative offices in Thailand, overhauling import-export structures and procedures to increase efficiency and transparency and provision of investment incentives to some smaller businesses to allow them to enjoy lower costs of production.

Some of the businesses cited were supplier industries, business support mechanisms, quality control services, and networking and communication channels for information flows.

The foreign groups urged the Thai government to improve auditing standards for local companies.

They also requested the government give their members briefings on new pieces of legislation that have been enacted or are pending in parliament that would affect the way they do business in Thailand.

'Declining birth rates to halt growth in Europe'

LONDON, July 8: Declining birth rates will snuff out economic growth in Europe in 25 years because of a shortage of workers, the Centre for Economics and Business Research (CEBR) said today, says Reuters.

The London-based economic consultancy said birth rates in both Western and Eastern Europe had dropped below the replacement rate, setting the stage for a dramatic rise in the average age of the population.

Workforces would start to decline around 2005, and the smaller working population would have to bear the strain of supporting increasing numbers of retired people.

"Economic growth will slow with the declining workforce while state pensions systems and health services will run out of funds," it said.

The CEBR said the European Union would be confronted by an "Economic crisis of major proportions", the strains of which could destabilise governments and break up the euro single currency.

The five largest EU countries would have to import some 35 million workers by 2050 to stabilise the workforce at current levels, it said.

Japan was likely to face similar demographic pressures but the United States should experience fewer problems, the CEBR said, while for emerging markets in Asia and Latin America such headaches could be a century away.

New chairman of T&T Board

Khandaker Abdul Matin has taken over as Chairman of Bangladesh Telegraph and Telephone (T&T) Board, says UNB.

Before taking over the charge on July 6, Matin was Member (Administration) of the Board.

A graduate in electrical engineering from BUET in 1964, Matin began his career as an assistant divisional engineer of the then Pakistan Central TES (now BCS) in 1966.

He discharged important responsibilities of the T&T Board in various capacities.

Matin visited Germany, Japan, Pakistan, United Arab Emirates, Indonesia, Sweden, Thailand and Singapore to receive trainings and attend seminars.

New treasury secy says

US to maintain steady dollar, Japan policy

WASHINGTON, July 8: New US Treasury Secretary Lawrence Summers signalled steady US economic priorities yesterday, singing the praises of a strong dollar and urging both Europe and Japan to boost demand at home, reports Reuters.

"The treasury position will be exactly the same now," Summers told CNBC in his first television interview since he was sworn in last Friday.

"A strong dollar is very much in America's interest ... we want to promote open markets around the world and believe that exporting more has to be the right solution to the current account deficit we face."

Summers made clear there would be no break with the policies of his predecessor Robert Rubin, who was a long-time advocate of a strong dollar and who repeatedly urged Japan to do more to boost domestic demand.

"I feel that the right course has been set and our challenge is to carry on," Summers said.

"The right priorities for this treasury — for any treasury — are keeping the American economy strong. That means working to pay down the national debt, to protect the Social Security and Medicare programmes, to open markets around the world, to promote a healthy financial system. Those have been treasury's priorities and those will be treasury's priorities."

But Summers, previously Rubin's deputy, expressed caution about recent Japanese efforts to check the rise of the yen by intervening on foreign exchange markets.

"I think the focus in Japan has to be on strengthening the fundamentals, which go back to domestic demand led growth (and) to allowing market forces to operate ... not seeking to manipulate currencies," he said. "Manipulating currencies is not the approach that leads to long-term prosperity."

Europe needed to do more to open up its markets, restructure its firms and allow companies "to innovate freely and compete vigorously."

"It was those kind of changes, from the bottom up, that I think contributed ... to the prosperity we are enjoying in the United States," he said. "It seems to me that it is those things that are important in Europe, and I know that is a view that is quite widely shared in Europe."

Summers gets his biggest exposure yet on the international financial scene next week when he attends a meeting of finance ministers from rich industrialised countries to discuss the situation in Kosovo and elsewhere in the Balkans.

He said talks would focus on Kosovo, although he also expected one-on-one meetings with other ministers from the Group of Seven — Britain, Canada, France, Germany, Italy, Japan and the United States.

Damage suit by smokers

Big US tobacco cos handed a big loss

MIAMI, July 8: In a huge defeat for the US tobacco industry, a Florida jury ruled yesterday that smoking causes disease such as lung cancer and US cigarette makers hid the dangers of their products from the Public, says Reuters.

The six-person jury in Miami shrugged off defence arguments that smokers can quit anytime and ruled that cigarette smoking is addictive while ordering the United States' biggest tobacco companies to pay unspecified damages.

"The plaintiffs' attorney had said potential damages — to be assessed in a later series of trials — could range from $200 billion to $500 billion.

The suit was the first class action brought by smokers to end in a verdict. Another anti-tobacco class action in Miami brought by secondhand smoke claimants ended in 1997 before a verdict with a $350 million settlement.

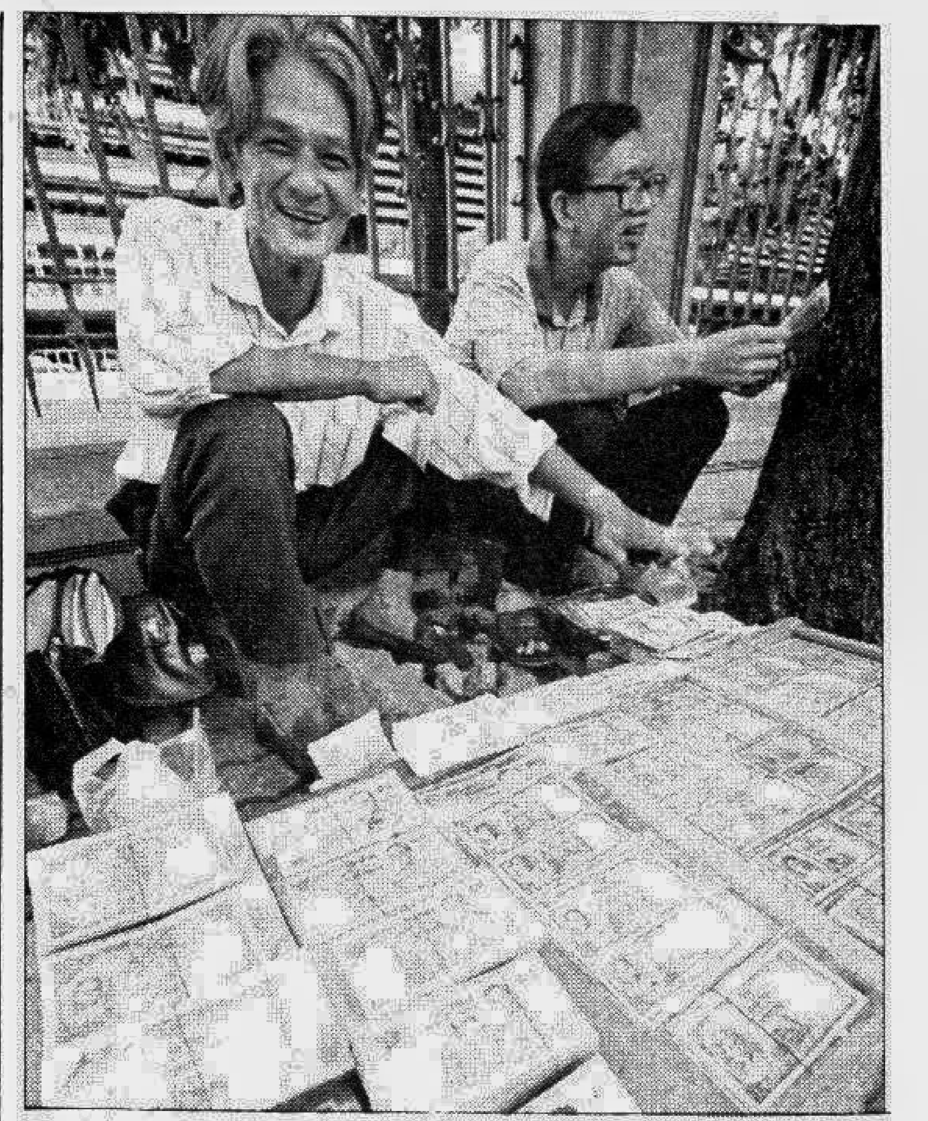
The loss in Engle et al vs RJ Reynolds et al comes after a series of courtroom victories for Philip Morris and other tobacco companies which have dueled through much of the 1990s with health groups, government officials and sick smokers.

Earlier this year Philip Morris, the biggest cigarette maker, was hit by the two costliest tobacco verdicts to date when West Coast juries ruled against the company, with awards totaling $105.3 million.

As recently as June 30, a federal judge in Illnois denied class action status for a lawsuit seeking payments for people who smoked as children. On June 25, a New York state court denied class action status to a lawsuit against Big Tobacco.

The Miami jury, which included one smoker among four men and two women, also ruled the tobacco industry conspired to hide the bangers of smoking, sold defective products, was negligent.

No specific cash damages were assessed against defendants RJ Reynolds Tobacco Co, Philip Morris Cos. Inc, Loews Corp's Lorillard Tobacco Co Inc, Brooke Group Ltd's Liggett GroupInc, the Brown & Williamson unit of British American Tobacco Plc and the industry trade groups Council for Tobacco Research and Tobacco Institute.



Thai banknote vendors smile while waiting for clients in front of the Bank of Thailand head office in central Bangkok on Thursday. Old banknotes are popular among Thai collectors. —AFP photo

Asian central banks warned against complacency

SINGAPORE, July 8: Singapore's top central banker warned today that Asia's central banks may not have learned from the harsh lessons of the regional financial crisis, says AFP.

"All through 1997 and 1998, I was hopeful that we were receptive to learning and looking for lessons to be learned," said Koh Young Guan, managing director of the Monetary Authority of Singapore (MAS).

"But now, in 1999, I am no longer sure that central bankers and the financial industry have learnt or want to learn anything from the crisis of 1997. Indeed, we have short memories or even no memory," he said.

Koh was speaking to delegates representing various sectors of the region's finance industry attending the Nanyang Technological University's Asia Pacific Central Banking Technological University's Asia Pacific Central Banking Conference.

He said that rising asset prices, volatile capital flows and establishing discipline in the financial sector were among the challenges faced by Asian central banks emerging from the crisis' aftermath.

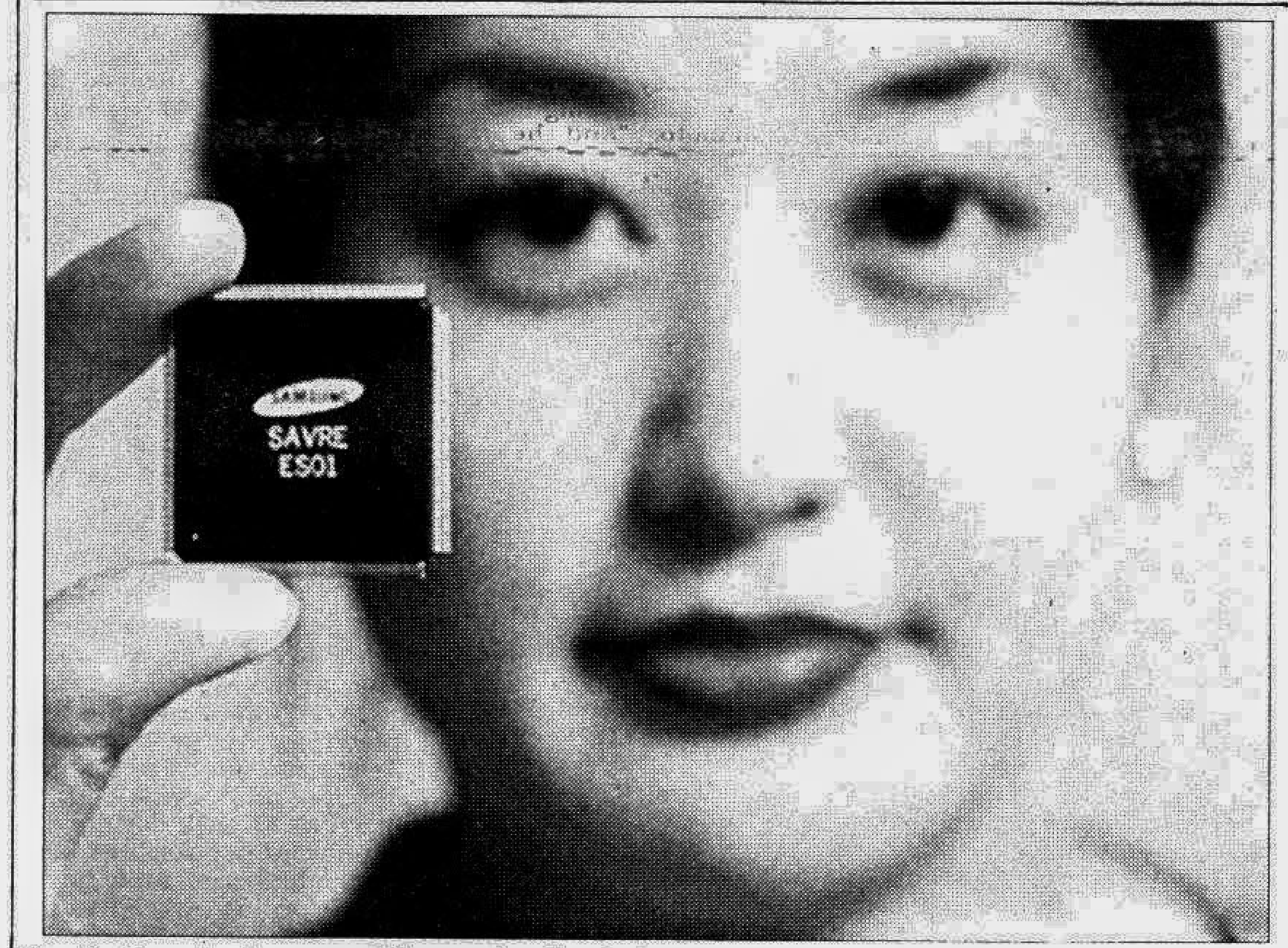
Optimism has prevailed in Asia in the past few months and while many believe battered regional economies are on the road to recovery, there are fears that complacency in implementing reforms may be setting in among governments and the corporate sector.

While central banks were tasked with implementing monetary policy to promote price stability and sustained non-inflationary growth, the crisis forced them to deal with other concerns such as excessive swings in stockmarket values, property market bubbles and massive inflows and outflows of capital, Koh said.

"Indeed more so than consumer prices, dramatic swings in asset values can affect confidence and wealth, which in turn affect consumption and business investment. Such swings are exacerbated by herd behaviour and speculative activity with adverse consequences," Koh added.

"But is it the business of central banks to deal directly with changes in asset prices?," he asked.

Central banks could resort to traditional methods such as adjusting interest rates.



South Korea's Samsung Electronics Co. Ltd. unveils a new chip Thursday as displayed here. The new chip can be used with all digital TV products, including actual digital TV sets, digital set-top boxes and digital cards for PCs. —AFP photo

Asian stock markets close mixed

HONG KONG, July 8: Asian stocks closed mixed Thursday, with Tokyo prices edging slightly higher as Hong Kong shares fell and Thailand's key index plunged 3.8 per cent, reports AP.

In Tokyo, shares rose slightly after the Cabinet approved a supplementary budget worth 520 billion yen ($4.25 billion) aimed at stimulating the ailing labor market.

The benchmark 225-issue Nikkei Stock Average gained 8.75 points, or 0.05 per cent, to 17,967.65. On Wednesday, the Nikkei had lost 91.83 points, or 0.51 per cent.

The funds set aside in the latest budget will finance the government's programme to create about 720,000 jobs through measures such as subsidies to companies and non-profit organisations hiring displaced workers, the Finance Minister said.

Japan's jobless rate recently hit an all-time high of 4.8 per cent in March and April before easing to 4.6 per cent in May.

In currency dealings, the US dollar rose against the Japanese yen. In late trading, the dollar bought 122.38 yen, up 0.42 yen from late Wednesday in Tokyo and slightly above its late New York level of 122.23 yen overnight.

In Hong Kong, share prices fell slightly, dragged down by heavy selling in the futures market and concerns that more companies might make big stock sales to raise cash amid the recent stock market rally.

The blue-chip Hang Seng Index fell 31.14 points, or 0.2 per cent, to 14,226.30. The Hang Seng had fallen 0.8 per cent Wednesday.

Shares in two companies, Cable and Wireless HKT and China Resources Enterprises Holding Ltd., which had made big stock sales this week, fell sharply for a second straight session.

In Bangkok, Thailand, shares plunged 3.8 per cent after Thai Farmers Bank PCL announced it will raise 24 billion baht through a rights issue, or issuing more shares for sale to existing shareholders.

The Stock Exchange of Thailand index closed down 19.46 points, or 3.8 per cent, at 496.65.

Dealers said investors were panicky after Thai Farmers Bank announced its capital increase plan Thursday afternoon. The market expects other banks to follow suit.

"This is a typical reaction as the market is already shaky," said Eric Holman of SG Asia Credit PCL.

Elsewhere :

Jakarta: Indonesian shares fell amid growing concern over the unsettled domestic political situation. The JSX Composite Index fell 0.8 per cent. or 5.517 points, to 660.254 points.

Kuala Lumpur: Malaysian shares rose, with some investors jumping back to trading on the main board. The composite index climbed 7.84 points, or 0.9 per cent, to 847.36.

Manila : Philippine shares fell as investors cashed in on recent gains. The PSE index lost 12.04 points, or 0.5 per cent, to close at 2,598.32.

Seoul : South Korean stocks fell as the market took a breather from a recent rally. The Kospi index dropped 6.87 points, or 0.7 per cent, to 999.11.

Singapore : Singapore shares rose, recovering from recent falls triggered by fears that the market was overheating. The Straits Times Index closed up 15.33 points, or 0.7 per cent, at 2,159.86.

Sydney : Australian shares rose, led by resources stocks boosted by positive sentiment for copper. The All Ordinaries Index gained 19 points, or 0.6 per cent, at 3,086.3.

Taipei : Taiwan shares rallied, as investors bought back into bellwether technology stocks that had been sold off recently. The Weighted Price Index rose 122.36 points, or 1.44 per cent, to 8,592.43.

Wellington : New Zealand shares rose, lifted by demand for shares in Telecom of New Zealand. The NZSE-40 Capital Index gained 23.18 points, or 1.1 per cent, to 2,194.21.

Exchange Rates

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

Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	48.7300	48.7700	48.3200	48.1570	48.0850
Pound Stg	76.1650	76.2275	75.0168	74.7637	74.6520
Deutsche Mark	25.7848	25.8060	24.8174	24.7183	24.6814
Swiss Franc	31.0798	31.1053	30.6133	30.5100	30.4644
Japanese Yen	0.4001	0.4005	0.3935	0.3921	0.3915
Dutch Guilder	22.8844	22.9032	22.0258	21.9379	21.9051
Danish Krona	6.7401	6.7456	6.5904	.5681	6.5583
Australian $	33.1120	33.1392	31.8429	31.7355	31.6880
Belgian Franc	1.2501	1.2512	1.2032	1.1984	1.1966
Canadian $	33.5467	33.5743	32.5760	32.4661	32.4176
French Franc	7.6881	7.6944	7.3997	7.3701	7.3591
Hong Kong $	6.2928	6.2979	6.215	0	6.1847
Italian Lira	0.0260	0.0261	0.0251	0.250	0.0249
Norway Kroner	6.1699	6.1750	6.0658	6.0453	6.0363
Singapore $	29.0180	29.0419	28.0881	27.9934	27.9515
Saudi Rial	13.0301	13.0408	12.8487	12.8053	12.7862
UAE Dirham	13.3040	13.3150	13.1194	13.0751	13.0556
Swedish Krona	5.7214	5.7261	5.6481	5.6290	5.6206
Qatari Riyal	13.4221	13.4334	13.2329	13.1003	13.1688
Kuwaiti Dinar	164 .0741	164.2088	152.2369	151.7234	151.4965
Thai Baht	13.176	1.3196	1.3044	1.3000	1.2980
Euro	50.4307	50.4721	48.5300	48.3448	48.2725

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	5.18750	5.31000	5.60125	5.66375	5.78125
48.0850	48.7300	GBP	5.06781	5.14391	5.29469	.36563	5.48243
Cash/ TC	Cash/ TC	Euro	2.66197	2.70113	2.89136	2.97028	3.016996

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
43.390/43.40	51.420/ 51.490	37.02/ 37.050	3.7995/3.8005	6600/6630	1180.5/ 1181.0

Amex notes on Thursday's market

The USD/BDT interbank market was very quite this morning. Market moved around 48.65-48.66 level. Call market was not very active today.

The euro was on the defensive against the dollar late in Tokyo on Thursday, remaining sluggish after hitting a lifetime low of $1.075 in early trade, while the dollar was trapped in a narrow range against the yen. Remarks by French central bank governor Jean-Claude Trichet provided little help to the battered currency. Trichet said the weak level of the euro was due to cyclical factors and it had clear potential for a stronger external value. The euro was quoted at $1.0181/86 compared with $1.0220/27 in late New York trade on Wednesday.

The dollar was trapped in a tight band against the yen amid a dearth of fresh incentives. The dollar was at 122.36/43 yen versus 122.22/32 yen in late New York on Wednesday. The euro remained supported near 124.50 yen in yen cross trade, as dealers were wary of buying yen amid speculation of possible currency intervention. Senior Japanese Finance Ministry official Haruhiko Kuroda, set to succeed Eisuke Sakakibara as vice finance minister for international affairs, said on Thursday he was continuing to watch dollar/yen and euro/yen rates.

The dollar rose on Thursday to a new eight-year high of 1.5765 against the Swiss franc getting nearer to the key June 1991 barrier of 1.5937 which will bring the dollar to 10 year highs if breached. Meanwhile, the pound remained mired near a 33-month low of $1.5550 hit on Wednesday ahead of the Bank of England's Monetary Policy Committee decision on rates, expected at 1100 GMT. The pound stood at $1.5570/75 and 65.44/50 pence per euro from $1.5595/05 and 65.49/03 late on Wednesday.

At 0909 GMT on July 08, 1999 exchange rate of major currencies against USD were GBP/USD 1.5569/79, USD/SFR 1.5734/44, USD/JPY 122.45/122.48, EUR/USD 1.0185/90.

Cuba declines to accept IMF debt solution

HAVANA, July 8: Cuba is ready to renegotiate its debt to Western creditors under "fair" conditions but will not accept economic reform requirements imposed by bodies such as the International Monetary Fund, a senior Cuban official said, reports Reuter.

The official Communist Party newspaper Granma said yesterday this position was spelled out by Vice President Carlos Lage in "recent" remarks to local reporters that referred to the problem of Cuba's $11.2 billion foreign debt.

Lage said the United States, which maintains a 37-year-old economic embargo against communist-ruled Cuba, had been blocking Havana's efforts to discuss the rescheduling of its foreign debt with the Paris Club group of creditor nations.

But he added: "When we do have the opportunity to renegotiate the debt, we will not accept the imposition of international financial institutions like the International Monetary Fund (IMF), the kind of impositions that the United States places on other nations".

As part of its multilateral debt-rescheduling accords, the Paris Club traditionally requires the debtor country to accept an economic stabilisation programme recommended by the IMF.

But Cuba withdrew from the IMF in the early 1960s and has no outstanding obligations to it. Cuban leaders have routinely attacked the Washington-based institution as being a tool of what they call the United States' "imperialist" policies.

Nevertheless, the Cuban government, anxious to obtain long-term loans and encouraged by trading partners like France and Spain, has revived its contacts with the Paris Club to sound out the possibilities of a debt renegotiation.

Contacts had been froze for a decade after Havana halted repayment of most of its debt with western creditors in 1986.

But foreign diplomats said Lage's comments raised questions about just what kind of economic reform conditions Havana might be willing to accept for a renegotiation accord.

Lage said that although Paris Club debt reschedulings could open up fresh financing for a country, they also imposed certain conditions aimed at balancing the budget, such as spending cuts on education, health, social services and jobs.

He added that for Cuba to renegotiate with the Paris Club, the United States must also end its opposition to such an agreement.

To circumvent US opposition to a multilateral accord, Cuba has made efforts to renegotiate short-term debt with Paris Club creditors on a bilateral basis and was able to reach partial debt rescheduling accords last year with Italy and Japan.

Led by France, Cuba's creditors in the Paris Club have set up an internal "technical committee" for talks with Cuba. This committee excludes the United States.

For its part, the US government has made clear it opposes any "special treatment" for Cuba within the Paris Club, whether through bilateral arrangements or other mechanisms.

"Ordinarily, for a country to receive Paris Club debt reductions, it must implement an economic restructuring programme, such as those commonly recommended by the IMF. The Cuban government has shown no willingness to do this," a US official said.

"Until there is a transition to democracy and systemic economic restructuring, Cuba's state-run economy will be a bad credit risk," the US official, who asked not to be identified, added.

Cuba's Lage insisted that Havana would only accept "fair" terms for a debt renegotiation. "If there are fair conditions, the debt will be renegotiated, but if it can't be done, we will go on looking for other solutions," he said.

Foreign diplomats said Cuba's already entangled debt situation with Western creditors had not been helped by the government's rejection of foreign calls to release jailed dissidents and its refusal to countenance political reforms.

A further complication is Cuba's outstanding debt to Russia, which Moscow inherited from the former Soviet Union.

Turkish financial markets shake off minister's suicide bid shock

ANKARA, July 8: Turkey's financial markets recovered yesterday afternoon from early shock after state minister for the treasury Hikmet Ulugbay was injured in an apparent suicide attempt, traders said, reports Reuters.

Ulugbay, injured overnight by a gunshot to his jaw, mouth and tongue, was in stable condition after a three-hour operation, doctors at Ankara's Baskent hospital said.

The news caused the main ISE National-100 index to fall more than five percent in early morning trade but it later trimmed back those losses to close 1.34 per cent down at 4,755.23.

Minor dollar demand prompted by the news faded towards mid-morning and banks resumed selling the US currency for lira.

Ulugbay, 60, led the Turkish team in two weeks of intense talks with the International Monetary Fund (IMF) that ended last Friday.

"His suicide attempt affected the markets negatively," said Murat Aslanoglu from K Investment. "What the market wants to know now is why Ulugbay wanted to commit suicide."

Some Turkish newspapers reported last weekend that details of the IMF talks had been leaked by a senior treasury official to Mesut Yilmaz, head of the Motherland Party and junior partner in the government of Prime Minister Bulent Ecevit.

S'pore central bank remains flexible on currency

SINGAPORE, July 8 : Singapore's de facto central bank said Wednesday it is maintaining its "flexible" approach to managing the country's currency in fiscal 1999, reports AP.

"Current monetary conditions, as reflected in the levels of both interest and exchange rates, are broadly consistent with present economic conditions," the Monetary Authority of Singapore said in its annual report for the year ended March 31.

The authority said that in fiscal 1998 it had already begun to allow the Singapore dollar to fluctuate within a broader band against a trade-weighted basket of currencies in response to the regional economic crisis.

"The policy band, which was widened toward the end of 1997 in response to the heightened foreign exchange volatility, remained in place as financial markets continued to be extremely volatile through 1998," the authority said.

The volatility was linked particularly to political and social unrest in Indonesia, a weakening yen in response to concerns about the Japanese economy and fears of a Chinese yuan devaluation, the report said.

The exchange rate was also managed more flexibly to take into account market conditions," it said, adding that "although MAS remained ready to intervene to repel speculation which pushed the exchange rate excessively in directions that were not justified by fundamentals."

Without inflationary pressure in 1998, the authority's exchange rate policy "sought to cushion the rapidly decelerating Singapore economy from the adverse impact of the regional currency crisis without undermining confidence in the Singapore dollar," it said.

The MAS report also reiterated well-known government positions, including the need for continued wage restraint until the recovery takes firm hold and that the outlook for consumer prices is flat this year.

The report also echoed comments in Parliament on Tuesday by MAS Chairman Lee Hsien Loong, suggesting that the economy will grow by more than 2 per cent this year, despite an official forecast of growth between zero and 2 per cent. Lee is also a deputy prime minister.

"More recent indicators however suggest that 1999 economic growth could turn out to be stronger," it said.

Also, the authority said the foreign exchange market slowed in 1998 to an average daily volume of $142 billion, down 15 per cent from $166.9 billion in 1997.

The yen and German mark remained the most actively traded currencies locally, accounting for 27 per cent and 20 per cent of the total turnover in 1998.

Trades involving the yen, mark and Australian dollar accounted for 76 per cent of the volume, with 86 per cent of the contracts involving counter parties outside Singapore, it said.

Israeli finance minister warns against fiscal expansion

TEL AVIV, July 8: The Israeli Finance Ministry's budget director in an interview published today warned the new government against expanding the budget to boost economic growth, reports Reuter.

"Winter, summer, spring or fall, growth or slump, the moment the budget represents 46 per cent of gross domestic product, it must be cut back," David Milgrom told the Ha'aretz newspaper.

"By cutting back, you cannot go wrong. There is no call for hesitation and no need to look at the growth rate."

The incoming government of Prime Minister-elect Ehud Barak faces a sluggish economy and unemployment approaching nine per cent.

But Milgrom said that in Israel, where the public debt rate is over 100 per cent of GDP, a constant effort to reduce government spending was appropriate.