

IMF Asia-Pacific chief says

More room for rupiah rise, rate fall

SINGAPORE, July 14: There is more room for the Indonesian rupiah to appreciate and domestic interest rates to fall, International Monetary Fund (IMF) Asia-Pacific chief Hubert Neiss said here today, reports AFP.

Neiss, speaking at a forum on Indonesia's prospects following its general elections last month, said "the immediate priority is to maintain the momentum of economic recovery until the next government is in place."

"There is more room for interest rate reductions," he said, adding that there was also "more room for the rupiah to appreciate."

Neiss declined to give figures for the direction of the currency and interest rates and said that eventually, domestic demand and exports should take the place of expansionary policies to fuel growth in Indonesia.

The rupiah's appreciation is not due to manipulation but is a result of a return of confidence," he said.

The rupiah was around 6,650

to the US dollar in late morning trade in Singapore, hardly changed from Tuesday's close of 6,655.

A chief dealer with a Euro-

pan bank said "the market will see the temporary base for the dollar at 6,500 for the medium term, meaning six months to a year."

Opposition parties have edged the ruling Golkar in the June 7 polls but Indonesia's political transition will only be completed when the president is elected in November.

Under Indonesia's unique political system, the president is elected by the 700-member People's Consultative Assembly (MPR) which includes the 462-member parliament elected in the recent polls.

Opposition leader Megawati Sukarnoputri's Indonesian Democracy Party-Struggle (PDIP) has won about 35 per cent of the popular vote in the polls, according to a still ongoing slow tally, with President B J Habibie's Golkar trailing at about 19 per cent.

In the Singapore forum,

Neiss said that "bank restructuring must be intensified and corporate restructuring must be accelerated."

"Sustained output growth and low inflation is the best recipe for raising living standards," he said.

He said that once the economic recovery is sustained there should be a shift from an expansionary policy to "a more neutral stance."

Neiss said that "as recovery progresses, domestic demand will play a larger role" along with an increase in exports.

"Reductions in interest rates should go on for a while until domestic demand is strong," he said.

He did not want to speculate on what interest and exchange rates would be like if Habibie, who has not given up hope of becoming president, or Megawati, took power in November.

"The question is what economic policy the next president will pursue ... that will determine where interest rates and exchange rates will go."

Clinton urges Republicans to slash size of tax cut plan

MIAMI BEACH (Fla), July 14: President Clinton appealed to Republicans yesterday to reduce the size of their \$864 billion tax cut plan, saying it is so large that it would hurt his attempts to use budget surpluses for Medicare, Social Security, defence, education and his other priorities, reports Reuters.

Given a rousing welcome by those attending the Communications Workers of America convention, Clinton increasingly portrayed the summer budget debate simmering in Washington as a choice between Republican broad-brush

tax cuts and preventing Medicare health insurance for seniors from going bankrupt in 2015.

It was the same strategy he used to great effect in his 1996 re-election battle when he said Republicans wanted to let Medicare wither at the expense of tax breaks for the wealthy. Medicare provides health insurance to 38 million elderly and disabled Americans.

"They are putting together a tax plan today that leaves no resources available for the surplus for strengthening Medicare. That is why I am asking Republican leaders, in the interest

of saving Medicare, to reconsider the size of their tax cut plan. First things first," Clinton said.

The friendly labour audience of about 1,500 people gave Clinton a warm welcome. "I love you, Billy," shouted one woman as the president rose to speak.

He threw back his head and laughed. "Thank you for that wonderful welcome, you in particular," Clinton replied, pointing at the woman.

He later attended a dinner for the Florida State Democratic Party at the Coral Gables home of Florida businessman Alfonso Fanjul. It was expected to raise between \$500,000 and \$1 million.

In a speech there, he said his goal for the rest of his 18 months in office was to keep working hard.

"Why am I here tonight? I'm not running for anything ... I don't want the country to go on idle for the next year and a half while everybody plays games about the next election. There's plenty of work to do, and everybody in Washington is still drawing their salaries from you," he said.

The scramble is on in Washington on what to do with federal budget surpluses of \$2.9 trillion projected over the next 10 years. Republicans want a broad tax cut of about \$800 billion over 10 years.

Clinton wants to add billions in new spending to defence, education, health and environmental programmes and return about \$250 billion in the surplus over 10 years to tax breaks for retirement savings for low and middle-income families.

He would lock away most of the surplus dedicated to Medicare and Social Security in order to buy down public debt and help make "America debt free in 15 years for the first time since 1835."

Clinton said the appeal of a large tax cut 16 months before the 2000 presidential election was tempting but cast the consequences of the Republican tax cut plan as "spend now, pay later."

"It wouldn't extend the solvency of Medicare by a single day," he said. "Depending on how they do it, it might not extend the solvency of Social Security by a single day."

Some 2,000 South Korean journalists and workers from the main Korean television broadcasting companies, KBS (Korea Broadcasting System) and MBC (Munhwa Broadcasting Center), shout anti-government slogans in front of KBS headquarters in Seoul Tuesday to protest against government attempts to interfere with freedom of the press. The unions of the KBS and MBC walked out on strike for an indefinite period from 13 July.

— AFP photo

Technical disruptions at terminal

Iraqi oil exports at risk despite output surge

UNITED NATIONS, July 14: Technical problems at Iraq's Mina Al-Bakr oil export terminal could hobble the recent surge in Iraqi crude production, oil industry sources said Tuesday.

"There are alternatives for export," one source told reporters here, highlighting transportation and other deficiencies at Iraq's Mina Al-Bakr oil terminal on the Gulf.

UN Security Council resolutions provide for Iraq to export limited quantities of oil in return for humanitarian supplies, and currently provide for sanctions-hit Baghdad to export more than 5.2 billion dollars worth of crude every six months.

The resolutions stipulate that one-half of the oil must pass through a pipeline via Turkey and the rest by the Mina Al-Bakr loading platform.

The sources said more than one million dollars were needed to "refurbish" Mina Al-Bakr, where conditions have deteriorated since the amount of oil loaded was raised from 300,000 barrels per day at the outset of

the humanitarian programme to 1.3 million barrels per day now.

Safety measures at the terminal were also questionable,

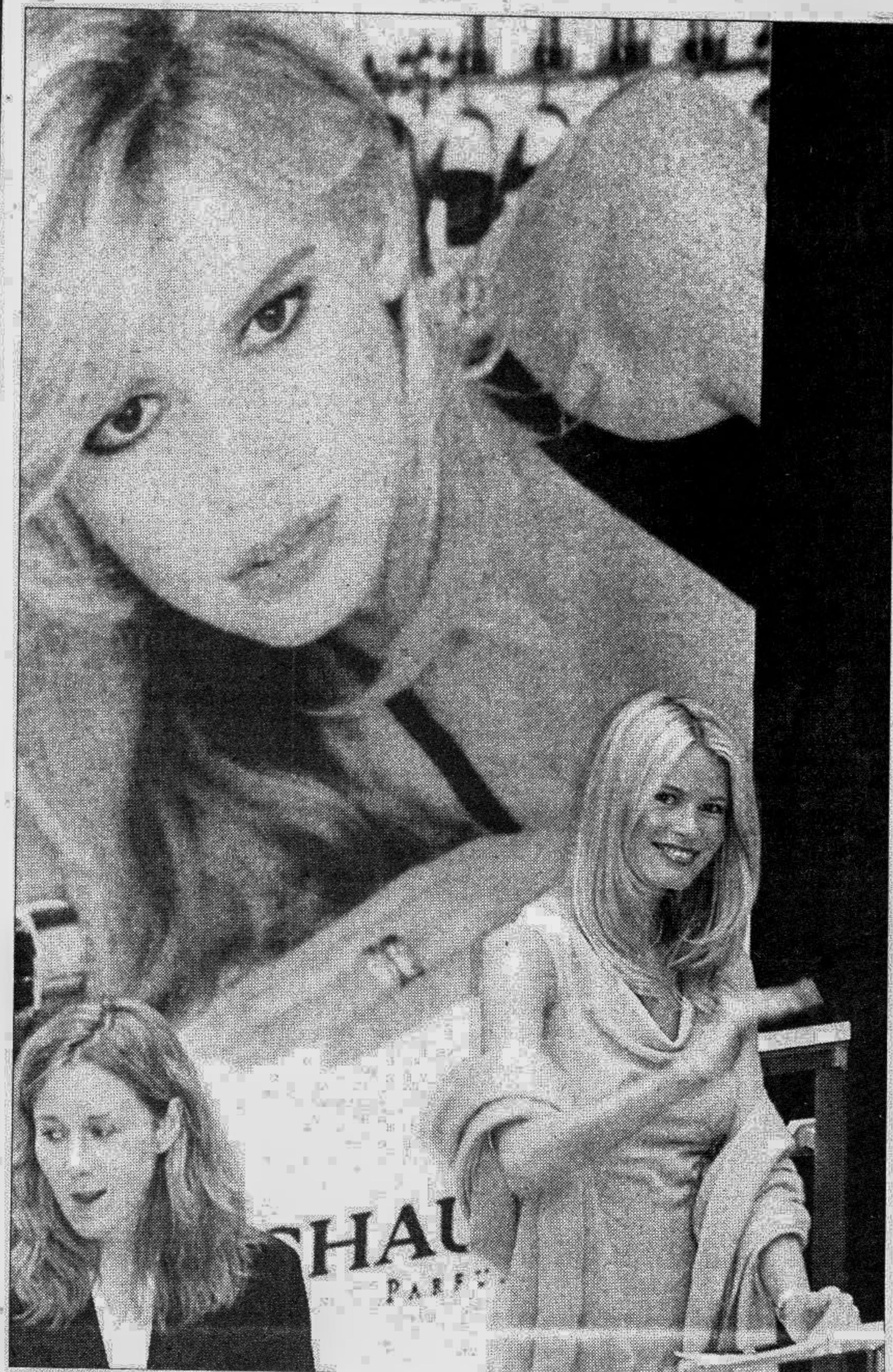
Estrada warns currency speculators

MANILA, July 14: Philippine President Joseph Estrada sent a strong warning Wednesday to currency speculators, saying his economic team is ready to repel speculative attacks on the Philippine currency, reports AP.

Estrada said newly appointed central bank governor Rafael Buenaventura and the rest of his economic team are crafting measures to stop any ill-effects on the economy from a renewed bout of volatility in the foreign exchange market.

Aggressive dollar-buying on the Manila currency market last week pushed the peso down to a three-month low of 38.70 pesos to the dollar.

AP sources said 100 million dollars worth of spare parts have been placed on hold by the UN sanctions committee, which groups all 15 council members.



German supermodel Claudia Schiffer (R) appears at a shopping mall in downtown Bogota Tuesday while on a two-day promotional tour for the launching of a new fragrance by the Chaumet perfume company.

— AFP photo

Chinese banks to conduct 2nd Y2K test July 17

BEIJING, July 14: China's financial institutions will suspend operations from noon of July 17 to noon of 18, for a second test of their computers for millennium compliance, the Financial News reported today, reports Reuters.

Commercial banks, urban and rural credit cooperatives, post offices which handle deposits and insurance companies would be included in this test, the newspaper said.

China had a successful first millennium bug test in banks and financial institutions in June, it said.

S'pore Telecom wins \$205m contracts

SINGAPORE, July 14: Singapore Telecom said Wednesday that it has won contracts worth more than \$350 million Singapore (\$205 million) with several global telecommunications companies, says AP.

These include the Dutch firm Equant, Global One, which is a partnership between Deutsche Telekom, French Telecom and the US-based Sprint, and in-fon of the United States.

The contracts span the next three to five years, the company said in a statement.

The arrangement will allow the government-linked Singapore giant to enhance its reach in US and European markets, while its partners will be able to extend their services into Singapore and the Asia-Pacific region.

Bankruptcies plummet in Japan

TOKYO, July 14: Japanese corporate bankruptcies plummeted 26.1 per cent in June from the same month a year earlier, providing a sign that the economy may be headed for recovery, a credit agency said Wednesday, reports AP.

The debt left behind by insolvent companies, however, surged 35 per cent to 1.84 trillion yen (\$15.2 billion), said the private Teikoku Databank Ltd. That was 14 per cent increase over debt in May.

Teikoku said Yamaichi Securities Co., which was formally declared bankrupt in June, and six failures related to the nationalised Long-Term Credit Bank of Japan Ltd. That was 14 per cent increase over debt in May.

The drop in the number of failed companies follows the recent announcement by the government that the economy grew a robust 1.9 per cent in the first three months of the year.

Japanese economic officials have also been saying that the economy, now in its longest downturn since the end of World War II, had hit bottom and could be gearing for recovery.

Earnings for the first six months, excluding special charges, were 450 million dollars, or 73 cents per share, compared with 147 million dollars, or 25 cents per share a year earlier, reports AFP.

The company said second-quarter earnings were 206 million dollars, or 33 cents per share, against a loss of 1.3 billion dollars, or 2.22 dollars per share, in the second quarter of 1998.

The company said in a statement sales of 7.5 billion dollars were up seven per cent from a year earlier.

Earnings for the first six

Chinese growth seen slowing in 2nd half

BEIJING, July 14: China's economic growth is likely to slow in the second half of this year, Planning Minister of the State Development Planning Commission.

He said China's state fixed asset investment, excluding collectives and private enterprises, grew 15.1 per cent year-on-year in the first half of 1999, the newspaper said.

Fixed asset investment rose 17.6 per cent year-on-year in the first five months of this year compared with 22.7 per cent in the first quarter, indicating state infrastructure spending is gradually losing steam.

Value-added industrial output rose 9.4 per cent year-on-year in the first half of 1999 compared with 9.5 per cent in the first five months, Zeng said.

A plunging trade surplus caused by falling exports and rising imports has become a significant restraint on economic growth, Zeng said.

China's trade surplus slipped a year-on-year 64.5 per cent in the first half of this year, customs figures showed.

The government would take steps to boost spending and unveil incentives to encourage consumption and private sector investment, Zeng was quoted as saying.

He gave no details of the plan.

Motorola sales up on Asian market recovery

CHAMPSBURG (Illinois), July 14: US electronics company Motorola on Tuesday reported improved results for the second quarter which it attributed in part to a recovery in Asian markets, reports AFP.

The company said second-quarter earnings were 206 million dollars, or 33 cents per share, against a loss of 1.3 billion dollars, or 2.22 dollars per share, in the second quarter of 1998.

The company said in a statement sales of 7.5 billion dollars were up seven per cent from a year earlier.

The improved results stem from good growth in semiconductors and very significant growth in digital wireless telephones, as well as a recovery in Asian markets and the benefits of the company's profit improvement programmes, said Robert Grawley, president and chief operating officer.

Earnings for the first six

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	76.2725	75.0168	74.7637	74.6520
Deutsche Mark	25.7250	25.7461	24.7580	24.6559	24.6223
Swiss Franc	30.9968	31.0222	30.5320	30.4230	30.3835
Japanese Yen	0.4035	0.4038	0.3967	0.3954	0.3948
Dutch Guilder	22.8314	22.8501	21.9732	21.8855	21.8528
Danish Krone	6.7130	6.7186	6.5634	6.5413	6.5315
Australian \$	32.5760	32.6027	31.2872	31.1817	31.1350
Belgian Franc	1.2472	1.2483	1.2004	1.1958	1.1938
Canadian \$	33.2469	33.2742	32.2908	32.1819	32.1338
French Franc	7.6703	7.6766	7.3820	7.3625	7.3415
Hong Kong \$	6.2919	6.2970	6.2140	6.1930	6.1838
Italian Lira	0.0260	0.0260	0.0250	0.0249	0.0249
Norway Krone	6.1103	6.1154	6.0077	5.9874	5.9785
Singapore \$	29.0301	29.0504	28.0996	28.0048	27.9929
Saudi Rial	13.0280	13.0387	12.8490	12.8057	12.7865
UAE Dirham	13.3040	13.3150	13.1194	13.0751	13.0556
Swedish Krona	5.6841	5.6887	5.6114	5.5924	5.5841
Qatari Riyal	13.4217				