

Pak finance minister to coax IMF into releasing loan

ISLAMABAD, July 19: Pakistan's Finance Minister Ishaq Dar travels to Washington this week in a bid to coax the International Monetary Fund to release by September a delayed loan tranche of \$280 million, government officials said, reports Reuters.

Dar, currently in Saudi Arabia with Pakistani Prime Minister Nawaz Sharif, is expected to fly to Washington late on Monday or early on Tuesday from Jeddah, officials said today.

In Washington he will be joined by the governor of the State Bank of Pakistan, the country's central bank, and other senior government officials.

Diplomatic sources said they would be joined by the IMF's Islamabad representative, but this could not be confirmed.

An official who asked not to be named said the \$280 million tranche, part of a \$1.56 billion loan package, has been delayed and Dar will seek to win its release by September at the latest.

IMF credit was re-activated this year after getting ensnared in US-led sanctions for Pakistan's nuclear tests last year. The sanctions drained the country's reserves to around \$400 million, compared with some \$1.7 billion at present.

The News newspaper said that to qualify for the next tranche Pakistan must speed up action on four main areas of the

economy.

Slow progress in these areas kept away an IMF mission originally due to visit in July.

The key steps are the imposition of a general sales tax (GST) on the services sector, the rationalisation of agricultural income tax, the deregulation of the retail pricing mechanism of petroleum products and resolving a tariff row with independent power producers (IPPs), it said.

The GST is widely seen as politically unpopular, with Pakistani traders opposing its imposition on utility bills.

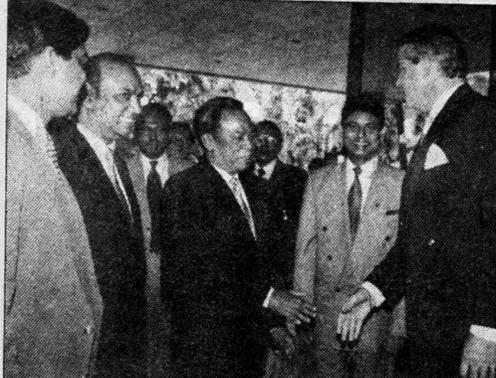
Pakistan must also move to implement and widen the agriculture income tax, which is opposed by powerful farmers.

The IMF has also asked Pakistan to deregulate petroleum prices but to maintain a surcharge to help achieve revenue collection targets for the fiscal 1999/2000.

The government collected 73 billion rupees (\$1.43 billion) through its surcharge on petroleum prices in the fiscal year to June 1999.

Officials say the IMF also wants to see Pakistan tackle the tariff row with the IPPs, which is more than 20 months old and has tarnished the country's investment image.

Pakistan accuses the foreign backed IPPs of overcharging the state utility WAPDA for the electricity they sell to it but the IPPs deny the charge.



Myanmar Foreign Minister Win Aung is received by the General Manager of Pan Pacific Sonargaon Hotel Eldridge J Mac Ewan upon his arrival at the hotel to attend the formal meeting of Bangladesh-Myanmar Business Promotion Council (BMBPC) Sunday. The minister was on a three-day official goodwill visit to Bangladesh and was heading a two-member delegation. — Sonargaon photo

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to clients					
Currency	Selling TT & OD	Selling B/C	Buying T.T Clean	Buying OD Export Bill	Buying OD Transfer
US Dollar	49.7300	49.7700	49.3200	49.1570	49.0650
Pound Sta	77.7827	77.8453	76.6235	76.3703	76.2585
Deutsche Mark	26.1690	26.1900	25.1868	25.0883	25.0516
Swiss Franc	31.4946	31.5199	31.0189	30.9164	30.8711
Japanese Yen	0.4143	0.4147	0.4074	0.4061	0.4055
Dutch Guilder	23.2254	23.2441	22.3537	22.2663	22.2337
Danish Krona	6.8253	6.8308	6.6747	6.6526	6.6429
Australian \$	33.3639	33.3907	32.0777	31.9171	31.9249
Belgian Franc	1.2688	1.2698	1.2212	1.2161	1.2146
Canadian \$	33.0945	33.9218	32.9305	32.8217	32.7736
French Franc	7.8027	7.8089	7.5098	7.4804	7.4695
Hong Kong \$	6.4219	6.4271	6.3436	6.3226	6.3133
Italian Lira	0.0264	0.0265	0.0264	0.0253	0.0253
Norway Kroner	6.2334	6.2384	6.1328	6.1125	6.1036
Singapore \$	29.5046	29.5283	28.5665	28.4721	28.4304
Saudi Rial	13.2957	13.3064	13.1146	13.0712	13.0521
UAE Dirham	13.5770	13.5880	13.3909	13.3466	13.3271
Swedish Krona	5.7812	5.7859	5.7103	5.6914	5.6831
Qatari Rial	13.6971	13.7081	13.5068	13.4621	13.4424
Kuwaiti Dinar	167.3847	167.5194	155.4610	154.972	154.7203
Thai Baht	1.3377	1.3388	1.3246	1.3202	1.3182
Euro	51.1821	51.2233	49.2612	49.0685	49.9966

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	12 Months
49.0850	49.7300	USD	5.18000	5.31000	5.50125	5.67125
76.2585	77.7827	GBP	6.06891	5.13203	5.29663	5.36675
Cash/TC	Cash/TC	Euro	2.65063	2.69250	2.93188	2.97265

Exchange rates of some Asian currencies against US dollars					
Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesia Rupiah	Korean Won
43.212	51.750	37.150	3.7995	6700	1186.3
43.220	51.850	37.180	3.8005	6720	1187.0

China's WTO negotiator seeks to allay entry impact fears

SHANGHAI, July 19: China's top negotiator on entry into the World Trade Organisation (WTO), Long Yougu, today was quoted seeking to quell domestic fears about the impact of joining the trade watchdog, reports AFP.

In history, there has never been a situation of a sovereign country being overwhelmed by the effect of an international organisation, the vice trade minister told a recent high-level meeting, according to the official Baokan Wenzhai daily.

Long downplayed the overall importance of the WTO, describing it as a mere forum for cooperation.

"We shouldn't think the WTO is so dangerous, but at the same time we shouldn't overestimate the advantages of joining ... Analysing the situation from facts, joining the WTO has no great advantage and no great disadvantage," he said.

The vice minister appeared especially keen to shoot down accusations from the Communist Party's protectionist camp that the government was sacrificing vital national interests to obtain membership.

He singled out a series of "inaccurate views" common in the national debate on WTO, taking pains to deny recent moves to open China's markets were made as concessions.

Referring to an April decision to lift a ban on US wheat imports, Long said: "In reality, we made no concession, it was just a correction of past mistakes."

China had imposed the ban due to concerns over the fungus TCK (tilletia controversa kuhn) but decided to accept an international determination that the fungus is harmless.

He also defended China's pledges to cut average tariff rates to 15 per cent by 2001 and

10 per cent by 2005.

The country's current average rate applied to imported manufactured goods is 16.8 per cent, compared to 14 per cent for other developing countries, three per cent for developed countries and six per cent for WTO members.

"From these figures, it can be seen that our cutting of tariffs is part of an international trend and not a concession," he said.

NATO's deadly missile attack on China's Belgrade embassy in early May brought negotiations with the United States and the European Union — the WTO members placing the highest demands on China — to a virtual standstill.

Hostility toward the US since the strike has made pro-WTO forces in Beijing vulnerable to accusations of selling out the country to appease Washington.

Japan may need second extra budget

TOKYO, July 19: Japan may need to spend about 5 trillion yen (\$41.32 billion) this year in a second supplementary budget, according to economic planning Agency Director-General Taichi Sakaiya, reports AP.

Though the country appears to be recovering from its worst recession since World War II, it may still need to spend about 1 per cent of its forecast 1999 gross domestic product in a second extra budget, Sakaiya said on a television program Sunday.

The EPA forecasts GDP of 496 trillion yen (\$4.10 trillion) in the year to March 2000.

The government announced last month that the economy grew at an annualised rate of 7.9 per cent in the first quarter this year, raising hopes that the worst of the country's long recession was over.

Politicians and business leaders, however, worry that further supplementary budgets will be needed to keep the economy from slipping back into recession next year.

Any decision on spending in a second supplementary budget will depend on April-June GDP, government officials said. The government will likely announce that figure in September, according to the EPA.

In a bid to fight joblessness, the powerful lower house of Japan's Parliament last week approved a 520 billion yen (\$4.30 billion) supplementary budget aimed at creating new jobs.

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

About half of that growth came from generous government spending packages introduced last fall.

Oil prices fall in Asia

SINGAPORE, July 19: Crude oil prices fell in Asia today, having reached a peak that was double last December's historic low, reports Reuters.

Earlier on Monday, the New York Mercantile Exchange August crude contract traded at \$20.70 per barrel, twice the 12-year low of \$10.35 that was traded seven months ago.

NYMEX crude had also traded as high as \$20.70 Friday.

For some traders, the level of \$20.70 sparked automatic sell orders based on analysis of price charts, but brokers said the volume of sales on Monday was light, indicating there was no great rush to sell.

Brent crude futures, traded on the Singapore International Monetary Exchange, were unquoted and untraded by 0730 GMT.

The September Brent contract however closed in London on Friday at the day's high of \$19.38 per barrel, just its 20-month peak of \$19.40, reached on Thursday.

OPEC resolve to cut production so that dwindling global stocks have forced oil prices higher during 1999.

More lately, the loss of gasoline production in the United States has added to the worries about tight oil supplies.

Oil rose to a fresh 20-month peak on Friday and Monday despite some relatively bearish comments from oil ministers.

On Friday, Mexican oil minister Luis Tellez said in Washington that he reckoned oil prices were near a peak.

"I wouldn't be very much worried on (oil) prices going much further up," he said.



E G Dayananda (2nd-L), High Commissioner of Sri Lanka to Bangladesh, called on M H Rahman (2nd-R), President of Dhaka Chamber of Commerce and Industry (DCCI), at the chamber office yesterday to discuss issues relating to trade and economic cooperation between the two countries. Senior DCCI Vice President Sajjatzat Jumma (extreme right) and Vice President Nasir Hossain are also seen in the picture. — DCCI photo

Thailand banks seen posting poor results

BANGKOK, July 19: Thai banks should post poor second-quarter results this week, but analysts say debt restructuring is picking up and could boost earnings later this year, reports AP.

Bad debt totaling half of all lending in the financial system continued to deprive commercial lenders of interest income from April through June and forced them to build up loan-loss reserves.

But with Thailand's financial crisis now more than two years old, weak balance sheets are nothing new and analysts are instead turning to predict the timing of recovery.

Many banks now have adequate capital to begin realising losses from unrecoverable problem loans and removing them from the books, analysts told Dow Jones Newswires.

That will help banks to begin new lending, a welcome relief for cash-strapped Thai companies.

Low interest rates and a more buoyant economy — which the International Monetary Fund said could grow by up to 4 per cent of gross domestic product this year — will also help banks nurse viable businesses back to health.

Earnings should get a boost as banks begin to recover recovered problem loans begin to generate interest income again.

"The fact of economic recovery should help earnings in the third or fourth quarters," said Philip Finch, a bank analyst at Warburg Dillon Read in Bangkok.

Finch said investors who want to get a slice of any upturn in Thailand's economy should look to buying banking stock, especially if there is any knee-jerk selling following poor second quarter results.

Goldman Sachs estimates that Bangkok Bank, Thai Farmers Bank, Siam Commercial Bank and Bank of Ayudhya have adequate capital to speed up restructuring and regain earnings power.

According to the US-based investment bank, Thailand's commercial banks could recover about 65 per cent of the total non-performing loans in the system.

Others argue, however, that Thai banks' earnings won't improve until next year because restructuring still faces difficulties.

Sudar cited data from his ministry as showing Indonesia's textile exports declined 26.6 per cent during the first quarter of 1999 compared to the same period last year to 1.35 billion dollars.

Although Indonesian textile and textile products are cheap



Siemens Managing Director Soren Rendal inaugurates the Aims showroom in Khulna recently. Siemens and Grameen Phone high officials are also seen. — Adcomm photo

Egypt sees software market rivals in India, Ireland

CAIRO, July 19: A handful of Egyptian firms are paving the way for a fledgling national software industry that experts believe could achieve much of the success of exporters from India, Ireland and Israel, reports AP.

Take NileSoft International, for example.

The firm started two years ago with capital from Egyptian businessman Ahmed Bahgat hired low-cost programmers locally, and struck a strategic partnership with Credit Suisse in Zurich.

NileSoft has secured two million dollars in revenues so far this year, mainly with its banking and other applications for Credit Suisse, and expects to almost double its staff to around 200 by next year.

It is eyeing a booming world outsourcing market and so

should other firms here, NileSoft chairman Abdel-Hamid Abed told AFP at the company offices in Cairo.

"Definitely Egypt can take part of this pie," Abed said.

Michael Cunningham, whose US-based Harvard Computing Group (HCG) published a study on the Egyptian industry in February, agrees that Egypt has potential, but must first take many key steps.

Despite good technical talent, the study says, the industry needs greater government and financial support, cheaper and faster Internet access as well as incubators and business development programmes.

It also has to target international markets as demand in Egypt is soft.

NileSoft is among "four or five firms doing offshore programming competing with the

likes of India and others," Cunningham said. Cairo2000, ITWorks and Asset Technology Group, a US-based subsidiary, are also top Egyptian firms.

The remaining 115 or so Egyptian software firms were focusing on the Egyptian, Gulf or other Arab markets, he said.

However, some of these companies, like Microtech and Crystal Mind, told the agency they are increasingly targeting the western market.

Total revenues from exports to the West amount to around five million to seven million dollars annually, Cunningham said in an e-mail to AFP.

That is a far cry from the billions of dollars earned annually by the industry in India, Ireland and Israel, whose firms were interviewed for the study and compared with those from Egypt.

Unemployment in Hong Kong drops

HONG KONG, July 19: Hong Kong's unemployment rate fell for the first time since Asia's crisis started in mid 1997 but the government warned against celebrating too soon, reports Reuters.

The provisional seasonally adjusted unemployment rate for the period April-June 1999 was 6.1 per cent, down from 6.3 per cent in the March-May period, the Census and Statistics Department said on Monday.

The figures were in line with economists' expectations.

Government economist K Y Tang said there were signs the unemployment rate was starting to stabilise, but that it was far too early to say whether there would be a sustained improvement.

"As a matter of fact we reckon that if there is going to be any improvement, it's going to be very gradual," he said in a news briefing.

Tang cautioned that the decline in the unemployment figure was "actually not very large" as labour supply was increasing with new school leavers.

The provisional underemployment rate was 2.9 per cent in April-June, down from a revised 3.0 per cent in the prior period. Last month, underemployment was provisionally reported as 2.9 per cent for March-May.

Hong Kong's unemployment rate has been steadily creeping higher since mid-1997, when Thailand's devaluation of its currency set off Asia's financial crisis.

The territory's jobless rate fell to 2.2 per cent in July-September, 1997 from 2.4 per cent in the prior three-month period.

Political instability hurts Indonesian textile sector

JAKARTA, July 19: Political uncertainty in Indonesia has prompted foreign textile buyers to shift their sourcing to other countries, a report said here today, reports AFP.

"Some foreign buyers are looking to other producing countries," director for exports of manufactured and mining products at the Trade and Industry Ministry, SA Sudar, was quoted by the Jakarta Post as saying.

He blamed growing business uncertainty amid the country's political instability for buyers shifting to other Asian producers.

The uncertainty has sparked fears that Indonesian producers could not meet their requirements on time.

Sudar cited data from his ministry as showing Indonesia's textile exports declined 26.6 per cent during the first quarter of 1999 compared to the same period last year to 1.35 billion dollars.

Although Indonesian textile and textile products are cheap

following the sharp depreciation of the rupiah against the dollar, importers have been discouraged from placing medium-term and long-term orders with local manufacturers, Sudar said.

"We will be lucky if this year we can export at the same level as last year's trade," he said adding that last year exports of Indonesian textiles and textile products earned the country 7.3 billion dollars.

However, the secretary general of the Indonesian Textile Association Ireandy Muslim said that he was still optimistic that exports of textile and textile production this year could reach 8.0 billion dollars.

"Some buyers are still optimistic because political upheavals of a worse scale have also happened in several other parts of the world," he said.

He said most of Indonesia's traditional customers would remain loyal and some local producers had started securing foreign orders for winter cloths.

Gold sales in ailing Thailand may pick up this year

BANGKOK, July 19: Gold sales in recession-hit Thailand are expected to pick up this year after being plunged by up to 80 per cent last year from their pre-crisis levels in 1996, a senior industry source said yesterday, reports Reuters.

Jitti Tangthipakdee, president of Thai Gold Traders association, told Reuters in an interview that he saw a 10-15 per cent improvement in sales volume this year from around the eight to 10 billion baht posted last year.

"I think the worst is over. Now the economy is picking up. Consumers are a bit more confident and gold prices are quite cheap — a result of both low world prices and the relatively steady baht," he said.

But despite the expected recovery, the volume and value of the sales this year won't be anywhere near the pre-crisis level, he said.

The value of local gold sales plummeted to around eight to 10 billion baht last year from around 30 billion baht in 1996,

one year before the financial crisis struck the country, according to a Thailand Development Research Institute study.

"Last year, the economic turmoil has a tremendous impact on the country's gold demand because consumer purchasing power was continuously weakened," Jitti said.

"This hindered the progress of the Thai gold industry and thus resulted in an increase in the industry's unemployment," he said.

"This hindered the progress of the Thai gold industry and thus resulted in an increase in the industry's unemployment," he said.

Jitti urged that the government to remove a current value added tax of seven per cent on gold sales to spur gold demand, and help goldsmiths in their trade.

"Value-added tax should not be applied to gold which changes hands all the time. It dampens demand and is a major cause for smuggling, which

is rampant," he said.

He said the survival of the industry might hinge to a certain extent on the government's tax policy.

"What I'm most concerned about is the sharply dropping workforce in the gold industry due to the crisis, and what will happen to our competitiveness in the future," he said.

The tax removal will boost demand, and bring people who are now operating outside the tax system into the system, making it easier to develop the industry," he said.

In Thailand, companies seeking government investment privileges or support must be legal entities. It is estimated that only one fourth of the Thai industry pays tax.

Jitti estimated that almost 50 per cent of the workforce in the gold industry was wiped out by the Thai crisis which forced a large number of gold shops — both in wholesale and retail business — to go under.

Shipping Intelligence

CHITTAGONG PORT									
Berth position and performance of vessels as on 19.7.99									
Berth No	Name of vessels	Cargo	L/Port	Local agent	Date arrival	Date leaving			
J/1	Xiang Cheng	CI	Tanj	Bdshp	20/7	20/7			
J/2	Dewan-1	Rice(P)	Kara	AML	9/7	27/7			
J/3	Sheng Mu	Wheat(P)	Sing	MSAL	4/7	30/7			
J/4	Pericles	Sugar(G)	Sing	Litmond	10/6	28/7			
J/5	Phaethon	Sugar(G)	Durb	OWSL	10/6	23/7			
J/6	Cemerlang	C.Clink	Jaka	OLM	8/7	25/7			
J/7	Vishvapratulla	Rice(G)	Mong	OIL	24/6	19/7			
J/8	Teresa Prestige(48)	CI	Yang	Everett	11/7	21/7			
J/9	Min Jiang	CI	Sing	Bdshp	28/6	26/7			
J/10	Sultana-II	Cont	Sing	PHBD	11/7	21/7			
	A/C Phaethon								
J/11	Kotanaga	Cont	Sing	PHBD	12/7	20/7			
J/12	Karin Cat	CI	Mass	Everett	13/7	20/7			
J/13	Ovruch	Wheat(G)	Swich	LSC	25/6	25/7			
D/1	Jayamars	Cont	Moga	Bdshp	10/7	25/7			
CCT/1	Bunga Mas Lapan	Cont	P.Kel	EOSL	14/7	21/7			
CCT/2	Kota Singa	Cont	Sing	PHBD	8/7	19/7			
CCT/3	Banglar Shikha	Cont	Sing	BSC	13/7	20/7			
RM/14	RAM/14	Butt	Cont	Able	R/A	25/7			
RM/15	Sarah-1	Cement	Rice(I)	SMSL	R/A	22/7			
CCJ	Alert	C.Clink	Tate	PSAL	10/6	27/7			
CSJ	Al Bauraq	C.Clink	Pak	PSAL	10/6	27/7			
TSP	Chopoi-1	R.Phos	Indo	Seacom	14/7	25/7			
RM/6	Chongrongsan	CI	Bank	Rainbow	14/6	20/7			
DOJ	Mekhanik Varaskov	HdI	Juba	ECSL	11/7	19/7			
DDJ/1	Tanary Star	Cont	Sing	PHBD	11/7	19/7			
DDJ/2	A A Venture	Repair	Mong	Clia	16/6	20/7			
RM/8	Sea World	Repair	Cont	CCNL	R/A	5/8			
RM/9	Banglar Kallol	Repair	Cont	BSC	R/A	21/7			
CULJ	Flag Investors	Cement	Urea	BSC	9/7	23/7			
KAFCOU	Leona	Cont	Aden	Prog	17/6	22/7			

Vessels due at outer anchorage					
Name of vessels	Date of arrival	L/Port	Local agent	Cargo	Loading Port
Yang Lin	19/7	Bdshp	CI		
Bunga Mas Lima(Cont)11/7	19/7	P.Kel	EOSL	Cont	
Joy World(48) 5/7	29/7		SSLL	CI(St Coll)	
Ocean-1	29/7	Yang	SMSL	CI	
OC Teal(Cont)11/7	29/7	Sing	SMSL	Cont	Sing
Revenge	21/7	Sing	RSL	Cont	Sing
Ocean-1	24/7	Sing	SMSL	CI	
Banglar Moni(Cont)6/7	22/7	Sing	BSC	Cont	Sing
Banglar Broli(Cont)11/7	23/7	Sing	Bdshp	Cont	Sing
QC Teal(Cont)11/7	23/7	Sing	QCSL	Cont	Sing
Elza(Cont)11/7	23/7	Sing	Col	Baridh	Col.
Tug Hua Xiang	22/7	Cont	Karna		
Banglar Robi(Cont)13/7	23/7	Sing	BSC	Cont	Sing
Roro Slam(Roro)24/17	23/7	Jaka	JF	Vehi	
RM/15	24/7	Sing	RSL	Cont	Sing
Kota Berjaya	25/7	Sing	PHBD	Cont	Sing
Esco Arjo	25/7	Cont	Prog		
Star Glory	25/7		PSAL	Cement	
Xpress Makalu(Cont)11/7	25/7	Sing	RSL	Cont	Sing
Sin Hai 18/7	26/7	Sing	RSL	Cont	Sing
Banglar Gourab	27/7	Kara	BSC	CI/Rice	
Alice(48)15/7	27/7	Everett			
Tiger River	27/7	Sing	Nol	Cont	Sing
G P Pintail	27/7	Sing	QCSL	Cont	Sing
Joy World	29/8	Sing	SSLL	CI (St Coll)	
Xpress Resolve(Cont)4/7	30/7	Sing	BSC	Cont	Sing
Brisa Azul (48)15/7	30/7	Sing	Everett	Cont	Sing
Ultima (Cont) 18/7	30/7	Sing	QCSL	Cont	Sing

Tanker due					
Name of vessels	Date of arrival	L/Port	Local agent	Cargo	Loading