

Asian reform a 'tough & slow task'

HONG KONG, Aug 7: A senior official of investment bank Morgan Stanley Dean Witter has described financial reform in Asia as a revolution and says it is bound to take time, says Reuters.

Harrison Young, vice chairman at Morgan Stanley Dean Witter Asia, said foot-dragging on allowing foreign purchases of Asian banks was regrettable but should come as no great surprise.

The restructuring going on right now in some Asian economies could be described as revolutionary, and revolution always disturbs vested interests, Young said.

Slowing reform efforts in South Korea grabbed the spotlight last week after Hanvit Bank's 00030.KS decision on Friday to shelve a \$1 billion issue of global depository receipts, and the collapse of Daewoo Group DWGR-CN under a mountain of bad debt.

Morgan Stanley Dean Witter Asia is involved in bank privatisations in Japan, South Korea and Thailand, and is also advising several Asian governments. But Young declined to discuss any specific deal involving Morgan Stanley.

Young said all Asian nations were making progress on reforms demanded by the International Monetary Fund and Western investors, but the challenge should not be underestimated.

"All these countries are making progress but this is a change in the whole fabric of the way things work," Young said.

Changing Asia's centrally planned economies into more market-driven systems will involve a power struggle as vested interests vigorously resist the loss of their authority, often citing sovereignty issues associated with foreign bank ownership.

Rakub opens new branch in Pabna

Rajshahi Krishi Unnayan Bank (RAKUB) has opened a new branch at Handal Bazar area in Chatmohar thana of Pabna district.

With this, the total number of branches of the bank comes to 301, says a press release.

M Wazuddin Khan, Member of Parliament of Pabna-3 constituency, inaugurated the branch as chief guest, while Md Nurul Islam Khan, General Manager (Administration) and F M Hafizul Islam, General Manager (Operation) of RAKUB, were present as special guests on the occasion.

Addressing the function, the chief guest said that RAKUB was playing a vital role in the development of agriculture in the northern zone.

Unleaded gas leads way for energy futures

CHICAGO, Aug 7: Unleaded gas futures prices were up Friday on New York Mercantile Exchange as supplies continue to fall during the busy summer driving season, reports AP.

On other markets, soybean, grain and orange juice futures prices also rose.

Unleaded gas is pulling other energy futures, including crude oil, upward — with unleaded gas posting highs not seen in two years — said energy analyst Tim Evans.

"We've had eight consecutive weeks in which inventories have fallen," said Evans, who works for Pegasus Econometric Group in New York. "It's driving season so demand is higher and production isn't keeping up."

He said that not necessarily unusual for this time of year. But US unleaded gas inventories are below what they were a year ago by 9.4 million barrels, according to the American Petroleum Institute.

In trading Friday, September crude rose 32 cents to \$20.88 a barrel; September unleaded gasoline was up 1.35 cents to 65.83 cents a gallon; September heating oil rose 1.10 cents to 54.53 cents a gallon; and September natural gas was up 5.1 cents to \$2.698 for each 1,000 cubic feet.

Indian shares may move in narrow range next week

BOMBAY, Aug 7: Indian shares are expected to move in a narrow range next week, select sectors attracting buying interest, brokers said today, reports AFP.

The sensitive index, tracking 30 shares, on the Bombay Stock Exchange (BSE) was up 32.96 points, or 0.8 per cent, to close the week on Friday at 4,575.30 points, over the previous week.

The broad-based national index, which tracks 100 shares, was up 22.26 points, or 1.2 per cent, to close the week's trade Friday at 2,010.32 points, over the previous week.

This week began on a dull note but ended with a rise following buying support from foreign institutions and (domestic) speculators, said broker Ajit Ambani.

Ambani said a lot of outstanding positions had been built up during the week and that the next week should see spells of buying alternating with profit-taking. Business volumes that were low this week are definitely expected to look up. Trading is likely to be brisk.

Passage of biggest tax cut in two decades Clinton accuses Republicans of trying to wreck economy

WASHINGTON, Aug 7: President Bill Clinton yesterday accused Republicans of trying to wreck the economy, prompting Senate Majority Leader Trent Lott to quickly label him a "lame duck" — the opening shots in a summer-break battle over taxes, reports Reuters.

Clinton renewed his promise to veto the Republicans' \$792 billion tax cut bill that passed Congress late Thursday, saying the proposed cuts are too large and would undermine his goals of overhauling the Medicare elderly health programme and Social Security retirement system.

Republicans urged him to reconsider, saying he was ignoring the interests of the American people.

"I am disappointed, though not surprised, that the majority party in Congress has chosen to pass its massive tax cut, one that plainly would damage our economic future," Clinton said at the White House before leaving for a weekend in his native Arkansas.

"I want to ensure the American people, because this tax cut will not save and strengthen

Medicare, because it will not add a day to the Social Security trust fund, because it will not pay down the debt and pay it off for the first time in over 150 years, this tax cut will not become law," he said.

Clinton will not get a shot at exercising his veto until Congress sends the bill to him in September after its summer recess, which began on Friday. Both sides have promised to promote their positions heavily in the meantime.

Republicans say the tax cut is a fair way of returning a share of growing budget surpluses to taxpayers while still reserving money to strengthen Social Security's finances.

Senate Republican Leader Lott on Friday urged the public to pressure Clinton into changing his mind. He said the president, whose term expires in January 2001, was showing his feathers as a lame duck.

"If he vetoes this bill, it will be the strongest indication so far that he is entering the phase of being a lame duck, because it will say to the Congress and the American people: 'I don't care what you say or do, I'm going to

veto this, and I'm not going to work with you," Lott said.

"When you go through the list of things that are achieved in this tax relief package, it does an awful lot for the American dream. It means that every working American that pays taxes will be able to keep a little bit more of their money in their pocket and decide how they will use it," Lott said.

Senate House Ways and Means Committee Chairman Bill Archer, a Texas Republican, said: "With each new day and each veto threat, it's clear that all the President wants to do is spend the taxpayer's money on more government programmes."

Clinton has proposed a \$250 billion tax cut made up primarily of subsidies to retirement savings accounts, and said he could accept up to \$300 billion in cuts. On Friday he said he would be willing to negotiate the form of any tax cut, as long as it was affordable.

"Now, if we can agree on an amount, do I have to be flexible on how it's done? Of course I do. They have more votes than we do," he said. "I obviously will argue for the fairest possible

way." The president said the Republican tax cut plan could be viewed by financial markets as inflationary and force interest rates higher.

"If you get a tax cut today and the tax cut causes higher home mortgage rates, higher car payment rates, higher credit card rates, higher college loan rates and a weaker economy, then it won't take long for that tax cut to disappear in the flash of an eye," he said.

He directed his strongest fire against reported comments by Representative Tom DeLay, the House majority whip.

The New York Times reported on Friday that DeLay said Republicans would spend all of next year's anticipated budget surplus and force Clinton to either abandon his own spending plans or tap into money set aside for reform of the Social Security retirement system.

"We're going to spend it, and then some," DeLay said in the article, referring to the \$14 billion portion of the surplus not coming from Social Security revenues.



US President Bill Clinton (C) greets White House staff shortly before his departure to Arkansas at the White House lawn Friday in Washington, DC. Clinton announced emergency measures would be taken in the face of the "worst drought for farmers ever recorded" in parts of the eastern United States. —AFP photo

Brazil won't accept 'managed commerce' with Mercosur

MONTEVIDEO, Uruguay, Aug 7: Brazil, the world's eighth-largest economy, will not accept "managed commerce" within Mercosur, Brazilian Foreign Minister Luiz Felipe Lamprea said at a meeting called to resolve an impasse in the South American trade bloc, says Reuters.

"We do not accept managed commerce," Lamprea said as he marched briskly through the marble lobby of Mercosur headquarters in the Uruguayan capital on the shores of the massive River Plate estuary.

Economy and foreign ministers from Brazil, Argentina, Uruguay and Paraguay debated solutions to the effects Brazil's 30 per cent devaluation in January has had on relative prices and trade.

Argentina backed down on unilateral import quotas last week but not before Brazil demanded this emergency session of Mercosur's council of ministers and postponed talks on auto trade, a key source of Argentine industrial exports to Brazil.

Argentine Economy Minis-

ter Roque Fernandez was the first to break from the talks but brushed aside reporters' questions.

Time and again since the meeting began on Thursday Brazilian officials from the foreign trade secretary to the chief trade negotiator to Lamprea said they will not accept Argentine protectionism.

Brazil called for the meeting of the world's third-largest trade bloc last week in response to Argentine plans to impose quotas on imports of textiles, shoes and clothes from Brazil.

A meeting between trade negotiators on Thursday was deadlocked over Brazil's free-market stand and Argentina's call for temporary export caps or import quotas.

Trade patterns and balances have tilted within the \$1 trillion market of 200 million consumers since Brazil's devaluation; adding urgency to the idea of trying to narrow the differences between the region's disparate economies as a means of avoiding future accidents like Brazil's devaluation.

The dilemma we're suffer-

ing now is from a major divergence in macroeconomics," Uruguayan President Jose Maria Sanguinetti said at a news conference.

Uruguay was forged from a peace treaty between Brazil and Argentina in the last century and now ships 55 per cent of its exports to Mercosur. Sanguinetti urged the pact's dominant members to reach a compromise.

Argentina is also angry over Brazil's use of subsidies and tax breaks, such as a \$100 million annual tax break offered to Ford Motor Co in July to set up a new assembly plant.

Trade within Mercosur totalled \$15 billion worth of goods and services in 1998. But Argentina's exports to its partners, almost all of which go to Brazil, fell 27 per cent in the first five months of the year.

Lifting of tax breaks Japanese car assemblers won't leave Indonesia

JAKARTA, Aug 7: Japan's auto association has said its members will maintain assembly facilities in Indonesia despite the lifting of tax breaks for vehicles with high local content, a report said today, reports AP.

Retaining existing assembly facilities would make Japanese cars more competitive, Hiroyuki Nakamura, deputy manager of the Japan Automobile Manufacturers Association Inc. (JAMA) said in the Jakarta Post.

"I believe that Japanese automakers will continue their existing investments in Indonesia despite the removal of incentives for local content," Nakamura said.

Most Japanese carmakers believed improving local content was necessary in order to cut production costs.

But he said he was unsure of possible new Japanese investment, saying it would depend on car manufacturers' policy.

Shell using new tech to boost output in Brunei

BANDAR SERI BEGAWAN, Brunei, Aug 7: Shell is using new technology in a bid to squeeze more oil from its Brunei fields, and to extend their production life, Brunei Shell Petroleum Co managing director John Darley said Saturday, reports AP.

"We're talking about modest potential for increases," Darley told The Associated Press. "We're talking in terms of 5 to 10 per cent, at the moment, in the current year."

This would mean an increase from a current average production level of roughly 160,000 barrels per day to a range of 170-180,000, Darley said.

But he stressed that extending the life of current oil fields was the crucial concern.

What is important in Brunei is the long-term stability of the production levels and the long-term stability of the industry. And therefore, we really look for longevity," he said.

Oil and natural gas, produced mainly by joint ventures between Shell and Brunei's monarchy government, are the Southeast Asian tiny country's lifeline.

The industry is a major employer in Brunei. It accounts for more than 90 per cent of exports and half of gross national product — the total of all goods and services produced in the country.

Oil and gas have made the quiet sultanate one of the world's richest countries. But Asia's recent economic crisis, coupled with the collapse of Brunei's largest private company last year, hit the economy hard.

Brunei Shell plans to use sophisticated seismic tests to find oil, and new horizontal drilling techniques to find reserves that were once unreachable, Darley said.

Brunei may also push its offshore drilling operations into much deeper water farther off its coast.

Metal: Weekly Roundup

Gold prices slip as silver gains shine

LONDON, Aug 7: Gold prices slipped at the end of the week, for once following silver which lost some of the gains secured at the start of the week, reports AP.

The spot price on the London Bullion Market fell to 255.90 dollars an ounce from 256.80 dollars at the end of last week.

Despite a gentle uptum earlier in the week thanks to the weakness of the dollar and the rise of silver prices, the overall tendency in the gold market remains depressed at the prospect of central bank sales, particularly in Britain.

The market is confused and there will be no sustained move until the Bank of England auction in September," said Andy Smith, a metals expert with the Mitsui Bussan Commodities brokerage in London.

Silver: Bright. Silver finished the week stronger despite slipping back towards the weekend as speculative buying dried up and rumours swept the market of technical selling by one of the leading investment funds.

Cash prices on the London Bullion Market rose by 13 cents to 5.45 dollars an ounce.

Platinum and Palladium: Fork. Prices diverged with a platinum pushing higher due to strike action at South Africa's leading producer, Northam Platinum, while palladium prices remain subdued.

Palladium prices on the London Palladium and Platinum Market fell a dollar to 340 dollars an ounce, while platinum prices rose by 9.25 dollars to 354.25 dollars an ounce.

Base Metals: Glimmer. Copper led a recovery of the base metals complex as a two-week-old strike at an important Chilean port continued to block exports from the country.

Technical trades also gave the red metal a fillip, as the seasonal summer-time lull set into the market.

Three-month copper prices rose by 29.5 dollars to 1,658 dollars a tonne.

Market watchers eyed with quiet concern developments in British Columbia, where management and unions at the Canadian Highland Valley complex were reported to be on the verge of renewed peace talks.

The plant has been closed since May 15 because of a wage dispute. Analysts feared that a resumption of work there would hit market prices.

Advertisement for jewelry and gold products in Russian. Text includes: ОБМЕН ВАЛЮТ, ПОК, ЦЕНКА ЭКСПЕРТИЗА АНТИКВАРИАТА ЮВЕЛИРНЫХ ИЗДЕЛИЙ, УСЛУГИ ПО РЕАЛИЗАЦИИ ИЗДЕЛИЙ ИЗ ЗОЛОТА, РА ДРАГОЦЕННЫХ И НАГРАД ЧАСОВ И Т.Д.

A little girl with her violin takes position in front of a currency exchange office to earn some money on Friday in Moscow. The Russian Ruble fell sharply on the Moscow Interbank Currency Exchange on the day, closing at 24.5 against the dollar compared to 24.40 the previous day. —AFP photo

Most Asian stock markets likely to fall next week

HONG KONG, Aug 7: Hong Kong share prices are expected to fall in the coming week as investors remain worried about China-Taiwan tensions as well as upcoming US economic data, dealers said, reports AFP.

"The market will be very much news-driven. Good news will drive it up 200 to 300 points. Unless there's a new piece of bad news, not much will happen on the downside," said South China Brokerage vice chairman Howard Gorges.

This is a political market, it's not easy to gauge," Jason Ho, sales director of NBP Prime Peregrine, said.

He predicted the market next week would range from a low of 12,800 points to a high of 13,500 capped by political uncertainty.

The key Hang Seng index lost 19 points, or 0.1 per cent, over the week to close at 13,167.06 on Friday, on a daily average turnover of 5.6 billion Hong Kong dollars (728 million US).

rise in the yen against the dollar could dampen hopes for an economic recovery, brokers said.

In the week just ended, the key Nikkei average of 225 selected issues on the Tokyo Exchange tumbled 777.62 points, or 4.4 per cent to 17,084.24 after a 1.9 per cent advance the preceding week.

The market barometer lost nearly 890 points in consecutive declines for the last three days of the week.

The Topix index of all first-section issues fell 58.25 points to 1,420.68.

Average daily transactions on the first section came to 471.5 million shares worth 614.3 billion yen (5.4 billion dollars), compared with 468.0 million shares worth 617.4 billion yen in the previous week.

Average daily turnover fell to 351.84 million shares worth 533.29 million Singapore dollars (318.76 million US dollars) from 608.07 million shares worth 885.82 million Singapore dollars the previous week.

Bangkok: The Thai stock market can expect a brief rebound but trading is likely to be lacklustre next week due to international factors, analysts said.

The Stock Exchange of Thailand (SET) composite index shed 4.3 per cent last week, or 19.77 points, to close Friday at 437.04 points.

The daily average trading value fell 17.6 per cent to 4.3 billion baht (116.2 million dollars) from 5.2 billion baht last week.

Kuala Lumpur: There is further downside on the Malaysian bourse in the coming sessions after the headline index plummeted 8.5 per cent in the week to Friday, analysts said.

The Kuala Lumpur Stock Exchange's composite index plunged 65.60 point to end the week at 703.09. The lesser second board index lost 9.2 per cent, or 15.34 points to finish at 152.28.

Average daily turnover fell to 443.76 million shares worth 897.65 million ringgit (236 million dollars), from 694.42 million units valued at 1.45 billion ringgit the previous week.

Jakarta: Volatile trade is expected in Indonesian shares in the coming week with buyers likely to be sidelined on negative regional sentiment, dealers said Friday.

The Jakarta Stock Exchange composite index rose 9.961 points, or 1.66 per cent, over the week to 607.835 on Friday.

The average number of shares traded over the week stood at 338.1 million valued at 74.48 million dollars, compared to 946.4 million shares worth 127.89 million dollars in the previous week.

Over the week to Friday, the Taiwan Stock Exchange weighted price index fell 589.59 points, or 8.0 per cent, to 6,823.52 following a 4.0 per cent plunge in the previous week.

The index has now plunged 20.2 per cent, or 1,726.75 points, since July 9 when President Lee Teng-hurt redefined Taiwan's ties with China as a "special state-to-state relationship."

Average daily turnover on the Taipei bourse in the week to Friday was 62.38 billion Taiwan dollars (1.94 billion US), down from 72.22 billion dollars in the previous week.

Seoul: The South Korean stock market is likely to be slow in the coming week but its bias is on the upside, dealers said on Friday.

The composite index closed the week's trading at 938.26, down 3.2 per cent from a week earlier.

Average trade volume was 317.28 million shares worth 4.48 trillion won (3.7 billion dollars), down from 381.76 million shares worth 5.47 trillion won the previous week.

Manila: The Philippine stock market may experience an uptum next week but it will be short-lived, analysts said yesterday.

The Philippine Stock Exchange composite index fell 1.9 per cent or 44.17 points week-on-week to close 2,298.64 points on Friday.

Average daily turnover fell to 2,693 billion shares worth 2,202 billion pesos (53.46 million dollars) from 1,546 billion shares worth 2,815 billion pesos last week.

Sydney: The company profit season gathers steam in the next week and with encouraging results so far the All Ordinaries index should be pushed higher, brokers said.

China plans to boost hi-tech exports by 30pc annually

BEIJING, Aug 7: China plans to implement a package of preferential policies to boost exports of hi-tech products to 14 per cent of overall exports by 2002, versus the present six per cent, state media reported today, says AFP.

Through the package of policies, China aims to increase its exports of hi-tech products by 30 per cent annually beginning this year, said China Daily.

The policies will be drawn up by the ministry of foreign trade and economic cooperation and the ministry of science and technology, it added.

Five hi-tech areas — information, bio-medicine, high value-added new materials, consumer electronic products, and family appliances — have been designated as the first group of products to benefit from the government's preferential treatment and other incentives.

There is also a plan to cultivate hi-tech product development zones, cities, and companies, and set-up a nationwide hi-tech exports information service network, and launch annual hi-tech fairs, the report said.

In addition, the two ministries will establish special coordinating bodies for the implementation of the package.

MOFTC Minister Shi Guansheng first put forward the strategy of boosting exports through science and technology early this year, saying China's export of hi-tech products was far too low, Xinhua reported.

China needs to catch up with India and other developing nations in terms of hi-tech exports, Shi had said then.

Australian trade deficit for June \$1.5b

SYDNEY, Aug 7: Australia got more good news on inflation today with official figures showing restrained wages growth over the past year, says Reuters.

But economists expressed concern about the current account after the Australian Bureau of Statistics announced a trade deficit for June of more than \$1.5 billion (US\$960 million).

The ABS said average weekly ordinary time earnings rose 0.6 per cent in the second quarter for an annual rise of 2.8 per cent. Market forecasts had centred on a 0.9 per cent rise for the quarter, while annual wages growth in the first quarter had been 3.1 per cent.

The June balance of goods and services was a \$1.525 billion deficit, compared with May's revised \$1.523 billion shortfall. The ABS said both exports and imports were flat over the month.

Economists welcomed the wages figures as proof of a lack of inflationary pressures — giving the Reserve Bank of Australia the chance to hold steady on interest rates — but sounded a note of caution over the trade data.

"I don't think we can stop worrying about the current account deficit. It does mean a lot for the quarter, the deficit to GDP is around 6.3 per cent and that's up from 5.9 per cent in the previous quarter," said Bill Evans, head of economics at Westpac Banking Corp.

Americans slow to apply for online mortgages

NEW YORK, Aug 7: Americans are slowly accepting the Internet as a mean of obtaining home loan financing, but they still view the Internet primarily as a source of information for getting a mortgage, rather than a useful channel for applying for a loan, a survey showed, says Reuters.

Only 21 per cent of those surveyed said they would probably or definitely try financing a home over the Internet, up 1 per cent from 1996, according to the survey by Fannie Mae, which buys mortgages from banks and turns them into securities for investors.

Online mortgages accounted for 1 per cent of all of the \$1.5 trillion worth of mortgage loans generated in the United States last year.

While 45 per cent of respondents and 56 per cent of those recently purchased a home, view the Internet as being very useful in providing information to obtain a mortgage, less a third of those polled said the Internet was "very useful" for delivery paperwork to apply for a mortgage.