

## Indian FM against new round of WTO talks

NEW DELHI, Aug 20: Indian Foreign Minister Jaswant Singh stressed his government's opposition to moves by developed nations to start a new round of trade talks at the upcoming World Trade Organisation (WTO) meeting in Seattle, reports AFP.

"We do not favour a new millennium round at the WTO in November," Singh was quoted as saying by the Press Trust of India on Friday.

India and the rest of the G15 group of developing nations oppose efforts by the United States, European Union and Japan to begin a fresh round of WTO trade talks. They say developing nations have yet to benefit from commitments made during the previous Uruguay Round.

"India needs a much more pragmatic, realistic and robust approach in international economic policies," Singh said.

A G15 ministerial meeting this week in the southern Indian city of Bangalore issued a joint declaration opposing the discussion of any social, environmental or other non-trade issues at the Seattle summit.

The G15, founded in 1989, actually groups 17 nations -- Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Kenya, Jamaica, Malaysia, Mexico, Nigeria, Peru, Senegal, Sri Lanka, Venezuela and Zimbabwe.

## FedEx launches e-mail shipment tracking system

Federal Express Corp (FedEx) has introduced an e-mail shipment tracking system that enables customers to track and trace their documents and packages simply by sending e-mails, even if they don't have access to the Internet, says a news release.

E-mail tracking is another innovative way for FedEx customers to follow the progress of their shipment at the stage of its journey. Customers can track in-bound and out-bound shipments and find out when shipments have been delivered and who signed for them.

FedEx e-mail tracking allows as many as 20 shipments to be tracked down with one e-mail message.

All that FedEx customers need to do is send an e-mail to track@fedex.com. In the message field, they enter the word "airbill" followed by a space and their package tracking number. Within seconds of sending the e-mail, a detailed tracking report is mailed back to the customer.

"This is an incredibly useful tool for customers, and another way that FedEx demonstrates its commitment to innovative customer technology," said David Ogden, Managing Director, Regional Sales, Federal Express, Middle East, Indian Subcontinent and Sub-Saharan Africa. "With e-mail tracking, our customers have another efficient way of keeping in touch with their shipments, without having to phone customer service or use the Internet."

## Cuba to produce five new types of sugar

HAVANA, Aug 20: Cuba will produce five new types of sugar as part of a diversification programme implemented by the Sugar Industry Ministry from the next harvest, reports Xinhua.

Industry sources said today that the first plan to produce amorphous sugar, different from refined sugar because its grain is smaller and solves more rapidly, is being built in Havana outskirts with Brazilian technology and a capacity of 20,000 tons per harvest.

Experts said that one of the advantages of this kind of sugar, as compared with other kinds, is that 30 per cent of steam and 40 per cent of electricity will be saved during its production.

This variety will be joined by luster or glaze sugar (powdered), golden crystal (bigger grain), liquid saccharose (used in the soft drink industry) and caramel colored (especially used in cola drinks).

Cuba's sugar industry, seriously affected by the economic crisis at the beginning of the decade, is undergoing a process of recovery following the latest harvest.

## Chief Russian negotiator with IMF likely to quit govt

MOSCOW, Aug 20: Mikhail Zadornov, the top Russian negotiator with the International Monetary Fund (IMF) may leave the government, news agencies quoted Russian Prime Minister Vladimir Putin as saying Friday, reports AFP.

The Russian business daily Kommersant on Friday also reported the resignation of Zadornov as a done deal.

"I asked (Zadornov) to continue his work as special representative of the Russian president with responsibility for relations with international financial organisations," Itar-Tass reported Putin as saying.

"But after our earlier discussions he had some doubts," he added.

The Kremlin refused to comment on the press reports. "Zadornov has contributed greatly to the resolution of our problems with the IMF," Putin said.

An IMF delegation arrived in Moscow Thursday to discuss the Russian budget for 2000 and terms of a new disbursement of IMF aid.

## Heavy foreign payments, economic worries

# Pak rupee under mounting devaluation pressure

KARACHI, Aug 20: A spate of heavy foreign payments has been pulling down the value of the rupee recently and dealers and analysts said today the pressure is likely to mount as a result of economic worries and a growing trade imbalance, reports Reuters.

"The central bank has done a good job keeping the rupee range-bound between the 51 and 52 (rupees to a dollar) level but devaluation pressure is building," said one foreign banker.

Bankers said the foreign exchange payments, mostly to shipping and airline services and portfolio investors, were delayed in June and July when the central bank slowed down the approval process to conserve cash reserves.

All outward transactions

over \$10,000 need approval of the State Bank of Pakistan -- a process that usually takes a minimum of seven days though no time limit has been set.

The rupee was trading at 51.79/51.83 rupees to a dollar in the interbank market in early trade on Friday, compared with 51.30/51.40 rupees at the start of the month.

In the kurb market, the rupee opened nine paise lower at 54.17 rupees to a dollar on Friday, signalling renewed interest in dollar buying, dealers said.

"Foreign (outward) remittances this week have been over \$30 million," said a treasury dealer at a foreign bank.

Pakistan recorded a trade deficit of \$203 million in July, compared to \$100 million in July 1998.

Arshad Arif, head of research at brokers ABN AMRO Equities, said fears of a further delay in the release of an International Monetary Fund (IMF) loan tranche and speculation of "tough measures including a (currency) depreciation" to follow, even if the tranche is released, have pushed up foreign currency demand.

"The donor money is still in question which is also encouraging importers to book now before the dollar goes up," Arif said.

An IMF team is currently visiting Islamabad to review Pakistan's June budget before releasing a loan tranche, which had been expected to be issued last month or in June.

Pakistan's cash forex re-

serves were last reported at around \$1.6 billion and the country expects to post a current account deficit of \$1.77 billion by the end of fiscal 1999/2000 next June.

Bankers said imports have been on the rise since the withdrawal of a cash margin on letters of credit in February and the lowering of tariffs on imports in March, while exports have been almost flat.

"There is a slight improvement in exports but the rise in imports has been relatively much higher," a foreign banker said.

The banker said depressed private inflows like remittances from expatriates and foreign investment have further aggravated the balance of payment situation.

## Row over Indonesian Bank Bali fuss Ruling party wants finance minister to step down

JAKARTA, Aug 20: Indonesia's ruling Golkar party today called on Finance Minister Bambang Subianto to step down or be sacked over a mounting banking scandal which threatens President BJ Habibie's own position, reports Reuters.

The controversy surrounds a fee of more than \$70 million paid by the now government-controlled Bank Bali to another company to collect a loan of less than double the size.

"He has to step down. It is his moral responsibility," Golkar member Thomas Suyatno told reporters after the party held a closed door meeting to discuss the issue.

The party also demanded the sacking of the head of the powerful Indonesian Bank Restructuring Agency (IBRA), Glenn Yusuf, and said the central bank governor, Syahril Sabirin, should go too if he was found to be involved.

All parliamentary party factions were due to meet later on Friday afternoon on the controversy which has already

hurt the country's financial markets as investors worry that there could be more bad news to come.

Neither Subianto nor Yusuf were available for comment.

An official at IBRA said the bank reconstruction agency had been turned into a political football, attacked by all sides as they struggled to win the upper hand in the mounting controversy.

"We are being kicked by all sides," he said, insisting that IBRA's integrity was intact despite the Bank Bali fuss.

The Indonesian government took control of Bank Bali last month but handed management to Britain's Standard Chartered Plc which has a 20 per cent stake.

The controversy has been seized on by the populist opposition Indonesian Democratic Party-Struggle (PDI-P), which called it "criminal economic subversion" and demanded those involved be jailed.

The party, winners of the June national election and cer-

tain to dominate the new parliament later this year, said it had evidence to show that several top government officials and others close to Habibie were involved.

Golkar party officials themselves have warned they may drop Habibie as their candidate for the November presidential election over the issue.

Habibie already faces an uphill struggle to beat PDI-P leader Megawati Sukarnoputri for the presidency and political analysts say the Bank Bali issue could kill off his chances.

Bank Bali is being fined by the government for not disclosing the loan fee but the core of the problem revolves around the fact it was paid to a company controlled by a senior Golkar official.

Banking analysts fear there could be more scandals as the November presidential election nears with the government now probing huge loans made by other listed banks to banks which have since been shut down.

## Sri Lanka gets donors' pledge to develop Colombo port

COLOMBO, Aug 20: Sri Lanka has obtained pledges from major donor agencies to finance a master plan to develop the Colombo port, press reports said today, reports Xinhua.

The donor agencies have pledged to finance the development of the Colombo port's North Pier and the construction of a South Pier, the official Daily News quoted Sri Lanka Ports Authority Chairman Mo-han Samarasekera as saying.

The North Pier will be constructed with an estimated 88 million US dollars assistance from Overseas Economic Cooperation Fund (OECF) of Japan. The construction of the South Pier of Colombo with an estimated cost of between 350 and 400 million dollars will be co-financed by the World Bank (WB), the Asian Development Bank (ADB) and the OECF.

Commissioned in December 2007, the new port is expected to handle 3.4 million twenty-foot equivalent units (TEUs) per year, said Samarasekera.

## Brazil won't draw \$41.5b IMF loan tranche

RIO DE JANEIRO, Aug 20: In a show of confidence despite Brazil's weakening currency, the central bank said it would not draw on the third part of a \$41.5 billion aid package put together by the International Monetary Fund, says AP.

The central bank said Thursday it will waive the right to the \$4.35 billion tranche, despite the real sliding to its weakest point in over five months. The currency closed at 1.94 to the dollar on Thursday, compared to 1.91 on Wednesday.

The bank's international affairs director Daniel Gleizer said he was confident the real would soon regain strength after a shaky period this week.

"Any moment now, (the market) will realize the economy is growing more than expected, inflation is low, and we are meeting all our fiscal targets," he told reporters.

The bank will give priority to repaying the \$19.2 billion already loaned to Brazil by the IMF and other lenders before drawing more, Gleizer said. The latest tranche wasn't needed as the capital flow into Brazil remains positive.

The loan was put together last year to support Brazil's economy as it was rocked by financial instability. Markets have recovered significantly in recent months, triggered by positive economic signs, but they have been knocked by uncertainty this week.

On Wednesday, the central bank acted to combat a slide in the real by suspending a 0.5 per cent tax on some forms of foreign capital coming into Brazil. It also intervened on the currency market for the first time since May, selling dollars to strengthen the real.

In the weeks after the government devalued the real in mid-January, the real plunged to a low of 2.20 to the dollar. Prior to that, it was worth around 1.20 to the dollar.



Reporters and photographers surround presidents (top right) of three top Japanese banks during their joint press conference in a Tokyo hotel Friday. The three banks, Dai-ichi Kangyo Bank Ltd., Fuji Bank Ltd. and Industrial Bank of Japan Ltd. announced a major alliance to create the world's largest banking group next year with 1.3 trillion dollars in assets.

## Weekly Currency Roundup

August 15-August 19, 1999

**Local Market**  
Last week, the interbank foreign exchange market resumed its operation after a three-day holiday. Although at the beginning of the week the demand for dollar escalated a little bit due to import-related payments, activity in the interbank market in general remained a bit sluggish last week.

The demand for dollar remained mainly due to reduced imports and its ample supply as a result of inward remittances. Due to this, last week in the interbank market the dollar traded in a range of BDT 49.61 to BDT 49.65. Cash US dollar traded in a higher range of BDT 51.00 and BDT 51.40 during the week.

The call money market was out of its quiet state and the demand for call money picked up gradually. The demand for call money went up mainly due to increased government borrowings.

Bangladesh Bank accepted Treasury Bills worth of BDT 9200 million of these, BDT 8470 million for 28 days at the rate of 7.15 per cent, BDT 210 million for 91 days at 8.15 per cent, BDT 300 million for 182 days at 8.50 per cent, BDT 90 million for 364 days at 8.51 per cent and BDT 130 million for 2 years at the rate of 9.00 per cent. Throughout the week, the call rate fluctuated between 5.0 to 6.5 per cent.

**International Market**  
At the beginning of the week in the international markets, dollar became weaker against yen and the euro and was seen to be becoming weaker as it remained vulnerable to swings in the US assets. In the middle part, dollar and euro became weaker against yen on the market's optimistic outlook about Japan's budding economic recovery.

The yen maintained its upbeat trend against dollar throughout the week. Kusoake Nakahira, former Japanese Vice Finance Minister for Internal Affairs, commented that the recent speed of yen rise was slightly too rapid and added that Japan and United States shared the view that drastic yen rise was undesirable.

In the end of the week, euro was at its lifetime low against yen and dollar and at seven-month low against yen. The euro was also subdued against dollar as speculation grew that the July business climate survey from Germany's IFO Institute could be lower than expected. — Standard Chartered Bank

## China asks US not to raise WTO entry threshold

WASHINGTON, Aug 20: China's ambassador to the United States on Thursday called on Washington not to raise the threshold for China's admission to the World Trade Organisation (WTO), reports AFP.

"After 20 years of reform, China is already qualified for entry. I hope our American friends will not raise the threshold," ambassador Li Zhaoxing said as he urged the US side to take a "more pragmatic, flexible" attitude.

He said both sides were making preparations for a discussion of the issue at the Asia-Pacific Economic Cooperation (APEC) forum in Auckland, New Zealand.

Beijing, a Chinese trade official however said China was still not ready to resume negotiations with the US on WTO accession, despite a steady fall in foreign direct investment and a continuing poor export performance.

"China's negotiations on WTO are at a standstill to which the US should be held fully responsible," Hu Chusheng, spokesman for the Chinese ministry of foreign trade and economic cooperation, told journalists.

A total of 3.78 million tons of sugar were manufactured during the crop, almost 600,000 tons more than the previous one.

## New Maruti chief predicts sales rise

DELHI, Aug 20: The new chief of India's largest automobile maker, Maruti Udyog Ltd, said Friday he expects sales of 100 billion rupees (2.3 billion dollars) by the year ending March 2001, reports AFP.

Jagdish Khattar, who took over on Thursday, said he was confident of a jump in sales from last year's figure of 81 billion rupees, as Maruti had invested more than 272 million dollars in three new models.

"We have wisely invested in our future... In 1999-2000 itself, we hope to steer past the 90 billion rupee mark with the introduction of new models and upgradation of existing vehicles," said Khattar.

The 100 billion rupee target

is realistic," added Khattar who has been sharpening Maruti's marketing focus since he joined the company in 1993.

Maruti, a 50-50 joint venture between Japan's Suzuki Motor Corp. and the Indian government, plans to stay the market leader by rolling out three new models in quick succession.

It plans to unveil a 1600cc upmarket car named "Baleno" in November while a multi-utility vehicle called the Wagon R will be offered for sale in February next year.

The locally-designed Wagon R will have at least 70 per cent of its parts produced locally, unlike the Baleno.

Maruti's "Alto" model car will be unveiled by May 2000.

## Three Japanese banks to form jt holding co

TOKYO, Aug 20: Three Japanese banks, Dai-ichi Kangyo Bank (DKB), Fuji Bank and the Industrial Bank of Japan (IBJ) announced today they will establish a joint holding company next fall as part of their plan to create a full-scale alliance, reports Xinhua.

The presidents of the three banks made the announcement at a joint press conference held at a hotel in downtown Tokyo today.

The alliance would create the world's largest banking group with assets of some 141 trillion yen (about 1.27 trillion US dollars), topping those of Deutsche Bank of Germany, currently the world's largest bank with assets of 735.2 billion dollars.

## Russian crude oil export tariff hike delayed

MOSCOW, Aug 20: A Russian government commission which was due to meet today to discuss raising crude oil and oil product export tariffs has put off its meeting to next week, a spokesman for First Deputy Prime Minister Viktor Khristenko said, reports Reuters.

"It's a simple technical delay, as Khristenko met with President Boris Yeltsin this morning," Stanislav Naumov said.

"No new date for the commission's meeting has been fixed yet, but, I think, it will become clear on Monday," he added.

The commission on Protective Measures in Foreign Trade, Customs and Tariff Policy, headed by Khristenko, was expected to meet today to discuss a hike to 7.5 euros per tonne from five euros.

## Inflation in euro zone up

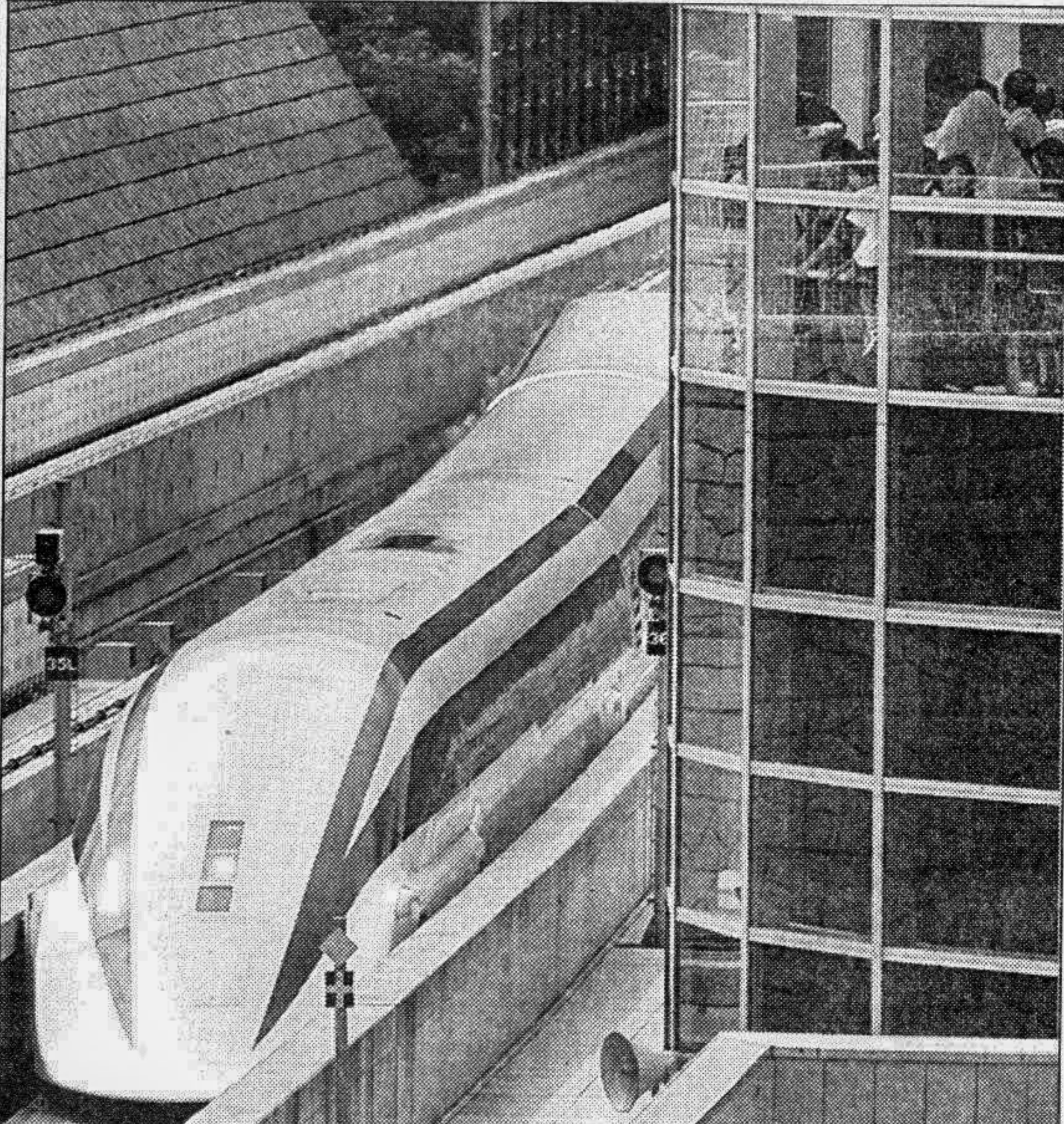
BRUSSELS, Aug 20: The annual inflation rate in the 11-country "euro zone" rose from 0.9 per cent in June to 1.1 per cent in July, the European Union's statistical office reported Thursday, says AP.

A year ago the inflation rate in the 11 countries that have joined the European Monetary Union and adopted its single currency, the euro, was 1.3 per cent. Those countries are Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal and Finland.

The rate for the 15-nation EU as a whole, which also includes Britain, Sweden, Denmark and Greece, was also at 1.1 per cent, up from 1.0 per cent in June. The figure for July 1998 was 1.4 per cent.

The highest annual rates were in Spain, 2.1 per cent, Denmark, 2 per cent, Ireland and Portugal, both 1.9 per cent. The lowest were Luxembourg, 0.3 per cent, Sweden, 0.2 per cent, and Austria, 0.3 per cent.

Economists said the European Central Bank is unlikely to be concerned about the gradual rise in euro zone inflation and won't tighten rate until next year.



Children watch a magnetically-levitated (MAGLEV) train from a tower building while awaiting their test ride at the test track in Tsuru city, near Tokyo Friday. The Central Japan Railways invited a total of 300 families to board their "Maglev" train, which set a world speed record of 552 kilometers (342 miles) per hour on 14 April this year.

## Brazilian economy on solid recovery path

SAO PAULO, Aug 18: Brazil gave fresh evidence yesterday that its economy is on a solid path to recovery by posting surprising growth in the second quarter, economists said, reports Reuters.

Gross domestic product (GDP) rose by 0.93 per cent last quarter from the first for the second consecutive quarter of expansion, the Brazilian Institute of Statistics and Geography (IBGE) said Tuesday.

Brazil had already confounded forecasters in the first quarter with growth of 1 per cent over 1998's final quarter, proving wrong the dire predictions that hovered over Latin America's largest economy after a jolting 30 per cent plus currency devaluation against the dollar in January.

But many economists had expected the economy to zigzag on its road to recovery and predicted a dip in the second quarter, especially since a record grains harvest bolstered first

quarter GDP. "It was a surprise because we expected the trough of economic activity to be in the second quarter," said Guilherme Paiva, economist at Banco Bozano, Simonsen in Rio de Janeiro.

Economists were already churning out new forecasts for 1999 after seeing Tuesday's numbers. "For the year, we were forecasting a 0.7 per cent contraction (from 1998), but now we are likely to revise it to a decline of 0.3-0.4 per cent," said Odair Abate, chief economist with Lloyds Bank in Sao Paulo.

GDP in the first half of the year was 0.42 per cent lower than in the same period of 1998 and was down 0.76 per cent in the second quarter from the same quarter last year, the IBGE said. GDP grew just 0.1 per cent in 1998 after shrinking in the third and fourth quarters.

The revised forecasts will move further away from the contraction of 3.5-4.0 per cent

foreseen by the government and International Monetary Fund (IMF) in March and the 7-8 per cent fall forecast by leading banks in early 1999.

Economists chalk up the brighter scenario to Brazil's quick comeback from the January currency crash of the country's long steady currency, the real BRB. Although weak in recent weeks, the real is relatively stable while interest rates are at their lowest levels in one year and inflation is under control.

But they also give credit to the bumper grain harvest, which has put more disposable income in farmers' pockets, and the investment in privatised industries, such as telecommunications.

"Because the privatisations had requirements in the sales agreements, they had to make these investments. So this helped keep up level of activity,"

Although consumers are expected to be the last to enjoy the

recovery, some Brazilians say they can already see the benefits trickling down.

"In the last two months, I have noticed that people are spending more," said coffee shop worker Evaneudo da Silva, 28. "That must be because the economy is getting better."

But even as things look up for the average Brazilian, President Fernando Henrique Cardoso's popularity continues to wane to the lowest level in nearly five years in office.

A poll released Monday by pollster Vox Populi showed only 12 per cent of those surveyed believed his government was doing a good job, with 59 per cent of Brazilians believing his administration was performing poorly.

Political analysts said the poll reflects rising discontent with spending cuts aimed to meet strict budget targets agreed with the IMF as part of a \$41.5 billion international lending package.



## Directorate General Defence Purchase

Ministry of Defence

New Airport Road, Tejgaon, Dhaka-1215

## Tender/Re-Tender Notice

1. Sealed tenders are invited in foreign currency from bonafide Manufacturers/Dealers/Suppliers/ Indentors (Enlisted Firm and Firm applied for Enlistment) for supply of the following items for Bangladesh Army:

(Enlisted Firm and Firm applied for Enlistment) for supply of the following items for Bangladesh "Army".						
Ser No.	Nomenclature	Date of selling		Date of opening	Currency	Tender No.
		From	To			
a.	Cover outer with tube inner and flap rust various sizes for different vehicles (37 line items)	29-08-99	10-10-99	11-10-99	Foreign/Local	1997/P-1
b.	Spare parts for Volvo (50 line items)	29-08-99	26-09-99	27-09-99	Foreign	1972/P-1
c.	Spare parts for 106mm RR carrier Jeep all model (54 line items)	29-08-99	26-09-99	27-09-99	Foreign	1982/P-1

2. Tender schedule with detailed specifications will be available on payment as per I/T selling rate (not refundable) during office hour between 0800 hours to 1300 hours. The tender will be dropped latest by 1000 hrs and opened at 1005 hrs on concerned opening dates in front of tenderers present at that time.

ISPR/Misc/99/563

DDP-17912-17/8  
G-1534

Lt Col  
for Director General