

Indian FM against new round of WTO talks

NEW DELHI, Aug 20: Indian Foreign Minister Jaswant has 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 every 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 Sub-continent 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 (of 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.

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

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 kerb 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.

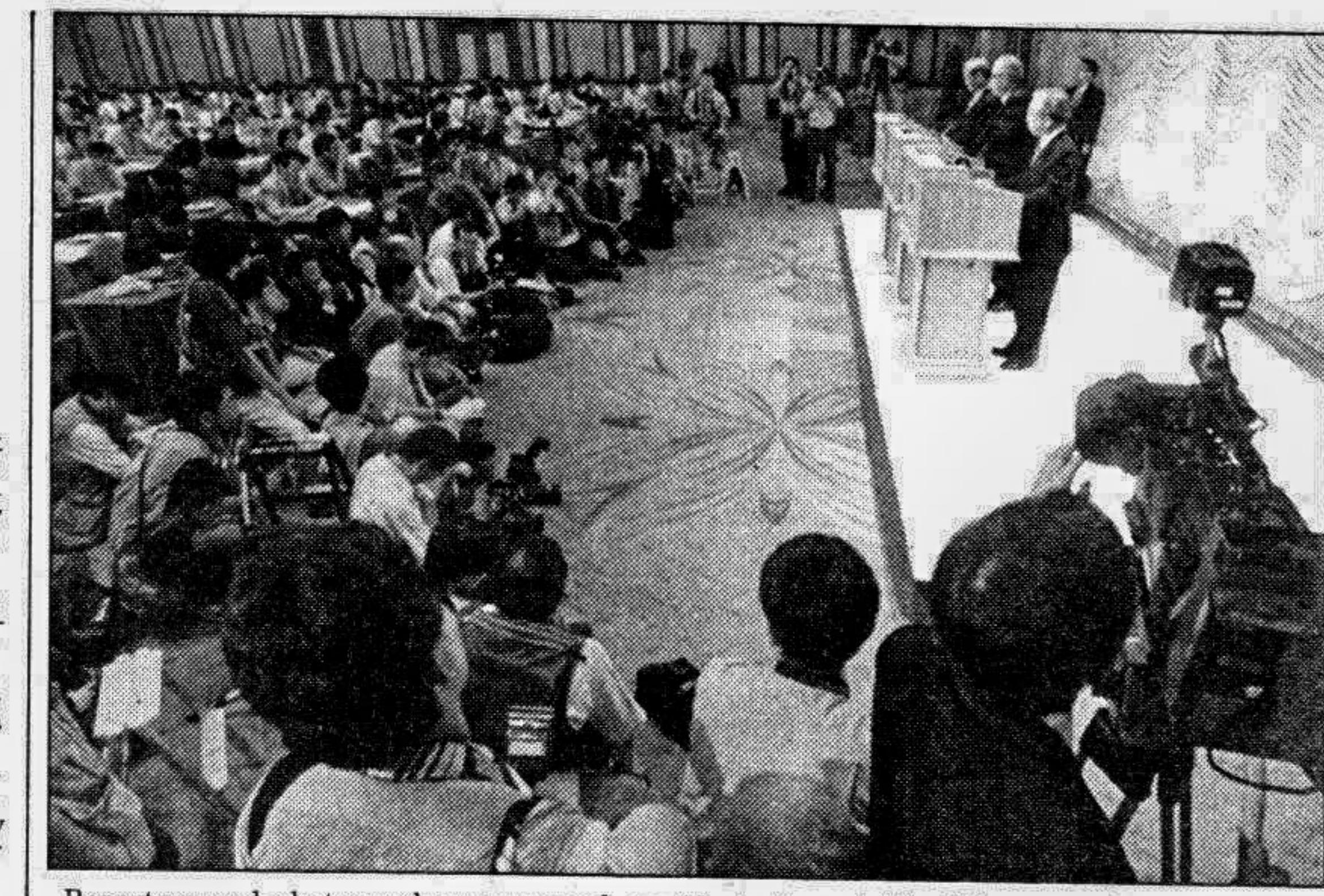
An IMF team is currently visiting Islamabad to review Pakistan's June budget before releasing a loan tranche, which had been expected to be issued last month or in June.

Pakistan's cash forex reserves 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.



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.

—AFP photo

Row over Indonesian Bank Bali fuss

Ruling party wants finance minister to step down

JAKARTA, Aug 20: Indonesia's ruling Golkar party today 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's governor, Syahrial 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.

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.

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-

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 Port, the official Daily News quoted Sri Lanka Ports Authority Chairman Mohan Samarakkera as saying.

The North Pier will be constructed with an estimated 88 million US dollars assistance from Overseas Economic Cooperation Fund (OECD) of Japan.

The construction of the South Port 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 Samarakkera.

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 wouldn't 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.

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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.

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 São 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.

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 grain 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.

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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 was insipid throughout the week.

The demand for dollar remained a bit sluggish last week. The moderate dollar demand occurred 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 7.16 per cent, BDT 210 million for 91 days 8.15 per cent, BDT 300 million for 182 days at 8.50 per cent, BDT 900 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. Kusuke 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

Three Japanese banks to form joint 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 73.52 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 raise oil export tariffs by 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