Libya invites

foreign

investment

open Libya's economy after years of isolation. Libyan

leader Moammar Gadhafi on

Thursday invited foreigners to invest in his socialist country

and assured them their investments will be protected by laws,

that he would not allow in-

vestors to turn his country into

another Indonesia and pursue

the same "exploitative" policies that led to the 1997 financial

pursue the same path and In-

donesia. God forbid that

should expect it," Gadhafi said,

addressing an investment con-

in Libya in 30 years and was at-

tended by European. Asia and

African businessmen exploring

business opportunities in

suspended its air and sanctions

in April after Libya handed

over two suspects in the Locker-

bie bombing, Libya has been trying to rehabilitate its econ-

Gadhafi's unscheduled ap-

pearance at the two-day conference, which began Thursday,

Since the United Nations

It was the first such meeting

ference in the Libyan capital.

"Who would be so stupid as to

Gadhafi, however, warned

reports AP.

crisis in Asia.

TRIPOLI, Sept 3: In a move to

Int'l Trade Commission report says

# US-China WTO pact likely to increase trade gap

WASHINGTON, Sept 3: The US trade deficit with China is likely to expand after Beijing joins the World Trade Organisation (WTO), according to a US government report that could fuel opposition in Congress to China's accession, reports

While US companies that export airplanes, heavy machinery, farm products, paper, chemicals, rubber and plastics would benefit, the report released yesterday warned that US producers of footwear, apparel and wood products could

The report, prepared by the independent US International Trade Commission based on 1998 trade data, also concluded that WTO membership would boost China's economic output by up to 4 per cent. Chinese exports would increase by 12 per cent while imports would surge

by as much as 14 per cent, the report said.

US economic growth would not be significantly affected, the commission said, while a reduction in Chinese tariffs as part of a WTO trade pact would boost US exports to China by up to \$ 2.7 billion, or 10 per cent. Imports from China would increase by \$ 4.4 billion, or nearly

The US trade deficit with China would increase by as much as \$ 586 million based on 1998 data and other factors, the commission said in a study which some pro-trade business groups criticised even before its release.

Critics questioned the commission's methodology and worried it would dampen enthusiasm for a trade pact with China just as WTO talks were poised to resume.

oppose China's bid to join the 134-member WTO, citing concerns over human and labour rights, and the \$ 57 billion US trade deficit with China last year.

"Business groups would rather have a cheerleading piece," said Greg Mastel, director for international trade studies at the Centre for National Policy. "I congratulate the ITC economists for not turning their economic model into a (public relations) machine."

The Clinton administration initially said it would keep the commission's report confidential, arguing its release would interfere with WTO negotiations. Instead, the administration released an executive summary, outlining its key findings.

The United States and China were close to reaching a WTO Many US lawmakers already agreement in April during Premier Zhu Rongji's visit to Washington. China agreed to reduce tariffs, open markets and increase access in areas including agriculture, telecommunications and financial services.

But President Bill Clinton backed away from a final deal in order to try to win more concessions on textiles, banking and anti-dumping issues. Administration officials also wanted more time to convince a sceptical Congress that a trade pact with China would benefit US businesses.

Negotiations were put on hold after NATO's bombing of the Chinese Embassy in Belgrade in May.

Deputy ÚS Trade Represen-tative Richard Fisher said US and Chinese trade experts would hold talks next week to review the status of WTO negotiations.



Filipino women applying for jobs as domestic helpers in Hong Kong wait outside a recruitment agency in Manila, Friday. Despite the latest fall in the unemployment rate to 8.4 per cent in July, Filipinos keen for better opportunities still seek jobs abroad as laborers and domestic helpers. Local recruitment agencies advertise rates of USD\$ 500 per month as salary for domestic helpers in Hong Kong, which is more than double the Philippine minimum wage of USD\$ 170.00.

## Yen causing baht swings, says Thai minister

BANGKOK, Sept 3: Volatility of the Thai currency is due to the strength of the Japanese yen and domestic political uncertainty, Deputy Finance Minister Pisit Leeahtam said Friday, reports AP.

His comments followed the plunge in the Thai baht earlier this week to nearly 39 to the US dollar, after months in the 36-37 range, amid reports that a US-based fund had made a speculative attack. The central bank has denied

the reports of speculation. The currency stabilised Friday around 38.75 baht to the dollar after weakening to an 11month low of 38.93 early

Thursday. Speculative attacks drained the country's foreign reserves in 1997 as the Bank of Thailand struggled to maintain a peg of 25 baht to the dollar. The baht was eventually floated and plunged, triggering Asia's eco-

nomic crisis. But Pisit told reporters that the central Bank of Thailand had not intervened in foreign currency markets this week, since volatility of the baht was not too great enough to justify.

Pisit said the strength of the yen, currently below 110 yen to the US dollar was making global money markets highly sensitive.

Thai officials also attribute the run on the baht to repatriation of funds by Japanese and other foreign firms in Thailand and dollar short-covering by some US funds.

### EU, S Africa to strike trade deal in Oct

LONDON, Sept 3: The European Union and South Africa will sign a long-awaited free trade agreement on October 11 and the bulk of its provisions will be implemented from January 2000, the Financial Times reported today, reports Reuters.

South African President Thabo Mbeki and officials from all EU member countries will sign the deal in South Africa, said the report, which quoted chief EU negotiator Philip

"This is a very, very important political and economic deal for the EU and South Africa," Lowe said.

Negotiations over the accord, designed to free up 90 per cent of the \$ 20 billion annual trade volume between the EU and South Africa, dragged on for four years before the deal was clinched in March.

## Move may fan snap polls speculation

# Mahathir won't attend NZ APEC summit

AUCKLAND, New Zealand, Sept 3: Malaysian Prime Minister Mahathir Muhamad will not attend this month's annual summit meeting of Pacific Rim leaders in New Zealand, offi-

cials said Friday, reports AP. The move is likely to increase speculation that Mahathir, 73. Asia's longest serving leader, is about to call a snap general election in

His absence from the Sept. 12-13 meeting of the 21-member Asia-Pacific Economic Cooperation forum in Auckland also will remove its loudest advocate of restrictions on global financial markets.

Mahathir, who imposed capital controls in his own market to revive Malaysia's struggling economy, believes that such steps should be taken globally to prevent currency traders from causing crashes in developing countries such as those that swept the Asian region when its economic crisis began in 1997.

An APEC official in Auckland said on Friday that the task force organising the forum's summit learned only recently that Mahathir will not attend it. "We have been aware for a while that this was a possibility because of the chances of an election in Malaysia," the source said on condition of anonymity.

Mahathir's cancellation will have little effect on the running of the APEC summit, the official said. In Kuala Lumpur, Ma-

hathir's cancellation has been widely expected, but government officials refused to confirm it Friday morning. Nevertheless, a diplomatic

source in Malaysia said the

country's deputy prime minis-

00.00.00

ter, Abdullah Ahmed Badawi, will take Mahathir's place in Auckland. The source said on condition of anonymity that the New Zealand envoy in Kuala Lumpur was called by the Malaysian Foreign Ministry and formally told about Mahathir's cancellation.

Mahathir, who hosted the last APEC summit in 1998, recently hinted that he would not attend this year's.

"Frankly, I don't expect much from APEC. APEC has shown that it is unwilling to take decisive steps, particularly with regard to the financial crisis," he said. "I don't expect APEC to achieve much in New Zealand.

Many observers in Malaysia have predicted that Mahathir will call an election in September to capitalise on his country's economic recovery.



ports Xinhua. A report from Detroit on Thursday said total vehicle sales rose by 20.4 per cent. August sales were at a seasonally adjusted annual rate of 17.8 million light vehicles, compared to a 14.8 million last

Ford, GM and Daimler-Chrysler's Chrysler division as a group sold 987,333 cars and light trucks last month - a 26 per cent increase over the strike-torn August of a year ago. The American nameplates captured about 66 per cent of the market.

US companies in Europe saw sales increase by about 29 per cent, while American automakers in Asia gained about 7 per cent as a group.

Economist believe that several economic conditions — low unemployment, low inflation, low interest rates - have combined to keep vehicles afford-

They do not see the recent increase in short-term interest rates as having a dramatic effect on vehicle sales for the rest of this year. A strong job market has buoyed the consumer confidence, while household income has gone up steadily.

# Russia confident of winning \$ 4.5b IMF loan tranche

MOSCOW, Sept 3: Russian First Deputy Finance Minister Oleg Vyugin said today he was confident the International Monetary Fund (IMF) would release the next tranche of a \$ 4.5 billion loan to Russia, reports Reuters.

Asked if he was sure the \$ 640 million tranche would be forthcoming, he told Reuters Television: "Absolutely." Uncertainty has surrounded the tranche since allegations surfaced in newspapers last month that IMF money may have been involved in a money-laundering scheme.

Vyugin, speaking after the latest round of talks with a visiting IMF mission, said the next meeting of the IMF board of directors to discuss Russia may be postponed slightly.

"We understand why the IMF will postpone the board meeting a little bit," he said. "Representatives of the IMF said this board meeting will take place at ginning of October." Mikhail Zadornov, Russia's outgoing special negotiator with international financial organisations, told a news conference on Thursday the IMF board was due to discuss the loan tranche on September 17-

The IMF is investigating whether its previous loans to Russia have been misused, but says there has so far been no evidence of this.

> Inflation coming down

AP says: Russia consumer prices rose 1.2 per cent in August, down from 2.8 per cent a

month earlier, the Russian Statistics Agency said Friday. Inflation was 29.5 per cent for the first eight months of the year, the government statistics agency said. However, the monthly inflation rate has been coming down since a financial crisis a year ago sent prices surging.

Inflation for all of 1998 was 84 per cent with almost all of the rise coming after the government devalued the rouble and defaulted on debts in August of last year.

The government forecast inflation of 50 per cent for all of this year, and the government now hopes to come in under

## Weekly Currency Roundup

August 29-September 01, 1999 Local Market

Activity in the interbank market was insipid throughout last week and the demand for dollar witnessed a downstream trend. All the major players in the market were not too keen to buy more dollars. The dollar influx mainly occurred due to remittances sent by the overseas Bangladeshis and donor

Lower import volume also contributed to the plummeting of dollar demand. The market players do not expect any drastic change in dollar demand in the near future unless the import level goes up.

The dollar demand has been on the wane for last three weeks. As a result, in the interbank market last week dollar traded in a range of BDT 49.500 to BDT 49.60. Cash US dollar traded in the higher range of BDT 51.00 and BDT 51.40 during the week.

The demand for call money was steady and the call rate fluctuated between 5.0 to 6.5 per cent throughout the week. International Market

In the international markets, dollar stayed in narrow range against yen in the beginning of the week but was kept under pressure amid optimism about Japan's economy stemming from firmness in the Tokyo stocks. Dollar was affected by the Federal Reserve chairman Alan Greenspan's comment that central banks must consider prices of equities when deciding monetary policies.

In the early parts of the week, the market remained wary about any comments on the strength of yen at the G7 Deputy Finance Minister meet in Berlin. On Monday, the Dow Jones industrial average finished 176 points lower, while the 30year Treasury Bonds lost more than a full point to yield 6.061

In the middle of the week, dollar fell to a seven month low at below the 110 yen level due to sales by European operators amid rally in the US asset market. The market-players commented that the Europeans who were absent on Monday due to market holiday in London, sold dollar actively not just against yen but also against other European currencies on further falls in Wall Street.

In the later part of the week, dollar stayed under pressure against yen as strength in the Japanese stock exchange and lingering jitters in the US asset market continued to induce sporadic sales, but the market lacked energy and new selling

factors to drive the dollar down.

On Thursday, the key Nikkei average ended the Tokyo sessions up 365.92 points or 2.10 per cent 17,802.48. At the end of the week dollar was trading at 109 yen level. Nikkei's fresh rise encouraged fresh yen-buying, but the market was a bit cautious about boosting the yen as it felt that the recent yenbuying might have been a little overdone. The dollar was slightly supported by comments made by Yoshio Suzuki, a senior member of the Liberal party, the junior partner in the Japan's coalition government, that Japanese authorities might intervene in the currency market if the pace of yen rise Standard Chartered Bank accelerates.

both at home and abroad again reported to have benefited panel member firms," NTC said. "Around one in every six firms recruited new staff during the month in order to boost ca-

new business and clear backlogs of work," it added. Rising staff costs were the main driving force behind climbing input prices, which

rose for the sixth consecutive month in August. But financial services companies reported higher market

interest rates were also boosting costs while transport firms cited rising fuel prices as a significant factor driving input prices higher. NTC said that as a result in-

a "historically high level". Prices grew at a slower pace than in July, however, when they rose at the fastest rate since the survey started in June NTC said service companies

on the whole were unable to pass on rising costs to their clients and prices charged remained stable for the second consecutive month.

### Myanmar produces 1m barrels of crude oil

YANGON, Sept 3: Myanmar produced a total of 1.108 million barrels of crude oil in the first four months of this year, a fall of 60,000 barrels as compared to the same period of last

year, reports Xinhua. According to the latest data published by the country's Central Statistical Organisation, the output of natural gas was 563 million cubic-meters during the period, a drop of 29 million cubic-meters as compared with the corresponding period of last year.

Up to the end of April this year, foreign investment in the oil and gas sector coming from Australia, Britain, France, Indonesia, Japan, Thailand and the United States had reached 2.3 billion US dollars in 46 projects, accounting for 32.39 per cent of the 7.108 billion dollars' total foreign investment.

Until now, Myanmar's crude oil and petroleum products are still self-insufficient and the country has to import 280,000 to 300,000 tons of crude oil and 100,000 to 150,000 tons of diesel oil annually, the official

## Attack of Y2K-style bug feared

# For better or worse, Asia awaits string of nines on calendar

TOKYO, Sept 3: Nine, in Japan, is bad. Usually. In China, it's good. Most of the time. In Myanmar next week, it could spell trouble.

For computer specialists around the world, the string of nines on the calendar next Thursday — Sept 9, 1999 — is being watched as a potential Y2Kstyle bug that could prompt some older programmes to shut down automatically.

But for many Asians, computers are hardly the concern. It's luck. Or the potential lack of

Four Nines Day, 9-9-99, presents a bit of a paradox for the superstitious in Asia.

Nine, pronounced "ku" in Japanese, is a homonyn with the word for pain and suffering. and is thus a very inauspicious number, especially at hospitals. "Patients feel uncomfortable

in rooms that end with the unlucky numbers," said Kenichi Muto, a spokesman for St Luke's Hospital in central Tokyo.

So St Luke's, one of the most modern hospitals in Japan doesn't have a single room for

patients that ends with a nine. or for that matter, with a four (a homonyn in Japanese for death) or a 13.

But despite the bad cache of a nine by itself, many superstitious Japanese appear to see a string of nines as lucky — and businesses are rushing to cash

Japan Travel Bureau, the country's largest travel agency. is offering a package tour on Thursday to commemorate the date. The package, limited to 99 people, includes airfare to New York or Orlando for 99,999 yen

"It's a great deal, and we've had a lot of interest," said Tsuyoshi Kurata, manager of corporate communications at JTB. He said both tours have

sold out. Many Japanese couples are also planning to get married on Sept. 9, according to Marie Sakurai, an editor at Zeksy, a popular bridal magazine. "It's a unique date, and it's

really not seen as a bad date at all. Far from it," she said. Sakurai added that a similar, but bigger, nuptial rush occurred Aug 8, 1996, which was the year Heisei 8 according to the traditional Japanese calendar. The string of eights was seen as lucky since eight on its side is the symbol for infinity.

Close-circuit monitors keep watch on the four Chinese cybersurfers (top clockwise) Xu

Junbin, He Yiqiu, Leng Ming and Liang Bixia, as they begin their 72-hours of non-stop

surfing on the Internet, in Beijing Friday. The four, chosen from thousands of applicants

throughout the country, will be locked in their rooms for the three-day period and will

have to survive on the net using 1,500 yuan (USD\$190.00) in cash and 1,500 yuan in

electronic currency, as part of a Ministry of Information Industry experiment about life on-

In China, Sept 9 is also seen as a good day for love. Or for remembering the death of Mao Tse-tung, who died on Sept 9. 1976. The love connection in Chi-

nese derives from the fact that nine, "jiu," has a homonym meaning long, and is considered auspicious for couples wanting to slay together a long time. To send a woman 99 roses on Sept 9 would be a tender sign of affection. But not this year.

Next Thursday falls within the inauspicious "ghost month. which is traditionally believed to be a time when dead ancestors return to the world of the living for an annual visit. Sept 9 isn't always part of ghost month because the month's observation is based on the lunar calendar.

Despite offers of better ser-

vices and more luxuriously decorated dining rooms, all except a few superstition-snubbing foreigners in Taiwan will shy away from getting married on Sept 9, Taipei hotel officials

— AFP photo

"No one would risk having their marriage harmed by any inauspicious elements," said Liang Su-chia, a manager of Hotel Grand Hyatt. Business at restaurants is also expected to In Myanmar, meanwhile,

rumours are brewing that ac-

tivists might be plotting a Four

Nine Day uprising. Sixteen pro-democracy activists have been detained there for fear they will demonstrate against the ruling military regime on Sept 9, which is considered an auspicious date.

The National League for Democracy said those detained included nine of its membersand has expressed concern there would be more arrests. Myanmar exiles In Bangkok began a protest outside the Myanmar Embassy Wednesday linked to the date. - AP Feature

## State-run ins firm asked to inject fund

# South Korean govt dubs Seoulbank 'non-viable

SEOUL, Sept 3: South Korea's financial regulator said Today the government had designated Seoul bank as "non-viable", ordered a capital reduction and asked state-run Korea Deposit Insurance Corp for a fund injection, reports Reuters.

Analysts said the Financial Supervisory Commission (FSC) decision was largely anticipated after talks to sell the troubled bank to UK-based HSBC Plc HSBA.L 0005.HK collapsed. The regulator said Seoul

bank's financial situation had significantly deteriorated amidst the country's financial and corporate restructuring and the bank could not continue normal operations without financial support from the outside. "The move to normalise the

ble was inevitable since any delay may raise the amount of public funds to be injected in the future," the FSC said. The regulator did not reveal the size of funds to be injected, but said the amount would be

enough to purchase bad debt

and raise the bank's capital ad-

management as soon as possi-

International Settlements (BIS) standards to 10 per cent. The BIS capital adequacy ratio of Seoul bank is currently

equacy ratio under Bank for

in negative territory, a Seoulbank official said. Nahm Sang-duck, FSC's director general of banking, later said he expected a capital injection of 3.4 trillion won (\$2.86 billion) from Korea Deposit In-

surance and Korea Asset Man-

agement Corp to buy 1.1 trillion won in bad debt. Korea Asset Management Corp has been designated to clean up non-performing loans at local financial institutions. Earlier this week, the FSC said it was planning to pump a

The FSC also did not rule out the possibility of an additional fund injection in the future depending on conditions of the bank's possible further sale overseas and whether the government's non-performing loan

Seoul bank.

provisions were strengthened. The commission has said the government still intended

"in principle" to sell the bank to a foreign entity, and in the meanwhile, appoint a foreign manager to run the bank. Nahm said the FSC was

working with Seoul bank's financial adviser Morgan Stanley to find a new management team for the bank. The FSC, which oversees the

financial system and is in charge of the country's corporate restructuring efforts, had agreed to sell a 70 per cent stake in Seoul bank to HSBC under a memorandum of understanding (MOU) signed six months ago.

The government agreed to clean up the bank's existing bad loans and to give HSBC a put option on any future bad loans. total of five trillion won into But talks collapsed over how

to value Seoul bank's loan portfolio going forward. South Korea wanted to use its own criteria for valuing the bank's assets, while HSBC was insisting on international standards. The FSC is still talking to US investment fund Newbridge Capital to sell Korea First Bank

cember.

00110.KS after an MOU last Destatistics show.

and his speech were apparently aimed at emphasising that the new campaign to open the econ-omy had his personal seal of approval. "You are welcome to invest in Libya," said Gadhafi. "We have laws that protect

investments. We are not pirates

or rebels or terrorists," said

Gadhafi, who was dressed in a Western-style suit and a dark He said political tensions between Libya and other countries as well as the effects of sanctions should not lead to the

interruption of the investors' In recent weeks, Libya has been actively pursuing European investment and Libyan delegations have traveled to Europe to promote their country

## German services sector expands again

as a tourist destination.

FRANKFURT, Sept 3: The German services sector expanded for the third consecutive month in August, growing at the highest rate in a year and continuing to generate new jobs, the Reuters German services survey showed yesterday.

The survey's main business activity index rose to a seasonally-adjusted 56.52 in August from 55.88, reaching its highest level since August 1998, said NTC Research, which compiles the monthly survey.

On an unadjusted basis, the index eased to 51.27 from 51.54, NTC said. A reading above 50 points indicates expansion, below 50 a decline.

NTC said the flow of new business accelerated in August and service companies were responding to the rising demand by increasing employment for the fourth consecutive month.

"Levels of incoming new business rose for the third month running in August, and at an accelerating rate, with improving market conditions

pacity to satisfy further rises in

put price inflation remained at