

Pak businessmen down shutters to protest IMF-advised sales tax

LAHORE, Sept 4: Trading activity ground to a halt across Pakistan on Saturday in a one-day protest at a general sales tax imposed on the advice of the International Monetary Fund (IMF), reports AFP.

Main markets and shops were shut in major towns in the country's four provinces amid massive police deployments, witnesses said.

A complete trading shutdown was reported from centres in southwestern Baluchistan, North West Frontier Province and southern Sindh, with a majority of traders responding to the strike call in Punjab province.

An opposition-led general strike was also under way in Sindh in protest at the govern-

ment of Premier Nawaz Sharif.

"We were given the task to thwart this protest but traders have rejected our persuasion," said a provincial government official in the Punjab capital of Lahore, speaking on condition of anonymity.

Most representatives of traders' associations were not available for comment as sources here said they had gone into hiding ahead of the strike to escape police raids to detain them.

One of them, Mian Shafqat Ali, speaking by phone from Lahore, said the issue had become entangled with politics, for which he blamed the government.

"The government should have held meaningful talks

with traders' representatives and sorted out the issues," he told AFP.

The trading community supports Sharif, who is from a leading Punjab industrial family.

But the ruling party saw the strike as giving a boost to the current opposition campaign aimed at toppling Sharif through street agitation and that was why the government overreacted, political sources said.

Ruling party lawmakers, administration officials and police went around Lahore asking shopkeepers to open their stores.

Police provided protection to traders who heeded administration advice to carry on their

business.

There were effectively total closures in the cities of Quetta and Peshawar, reports said.

No violence was reported.

Traders' organisations said they were opposing a 15 per cent general sales tax because of documentation difficulties, its impact on business and fears of extortion and harassment by income tax authorities.

The government has defended the sales tax as part of a series of fiscal measures agreed with an IMF mission which was here last month for an economic review ahead of an expected 280 million dollar loan tranche to Pakistan.

It has reaffirmed the sales tax would stay but offered to discuss other concerns.

China to resume WTO entry talks with US next week

By Vasantha Arora

WASHINGTON, Sept 4: The United States and China have agreed to resume talks next week on the latter's efforts to join the World Trade Organisation (WTO) for the first time since NATO's bombing of the Chinese Embassy in Belgrade in May, which adversely affected relations between the two countries.

Richard Fisher, the Deputy US Trade Representative (USTR) for Asia, Latin America, and Canada who made this announcement, said "China wants to have a 'technical-level review' with the U.S. regarding its accession to the WTO."

The USTR official said such a "stock-taking" meeting could take place next week, "most likely in Beijing," but added

that the discussion could also take place in Auckland, New Zealand, the site of the upcoming Asia-Pacific Economic Cooperation (APEC) Ministerial and Economic Leaders' meetings.

China's request came after an exchange of messages with the U.S., which is leading the WTO group considering whether Beijing has made the necessary reforms in its trade policies to qualify it for membership in the trade body.

Fisher declined to say who would make up the U.S. side to review the WTO accession process, but said the Sino-U.S. discussions would be at "the expert level."

He, however, identified Robert Cassidy, Assistant U.S. Trade Representative for China,

Hong Kong, Taiwan, and Mongolia, as USTR's "expert."

Fisher stressed that the meeting would be one to review efforts to date, not a negotiation. He added that the technical review would be the first discussion between USTR officials and their Chinese counterparts "since the end of April."

At that time, China and the U.S. had made significant progress towards accession, including a market access package on agriculture, industrial goods and services.

"How are we going to catch up? We are really left behind and they are just our neighbours," he said.

He said this further proved his argument that the country's constitution needed to be amended to remove provisions that deter foreign investment such as a ban on foreigners owning land and limits on the amount of foreign equity allowed in certain enterprises.

Estrada is leading a campaign to have the constitution revised but the country's Roman Catholic bishops and former presidents Corazon Aquino and Fidel Ramos are opposing this effort.

He reiterated his statement that foreign investment was urgently needed for vital infrastructure and utilities projects needed to spur the country's growth. "How are you going to develop if you don't have capital?" he said.

Bahrain, US to sign economic treaty soon

MANAMA, Sept 4: Bahrain and the United States are to sign a new economic treaty later this month in a bid to increase bilateral investment, the Gulf Daily News said Saturday, reports AFP.

The treaty, to be signed on September 29 in Washington, "will make it easier for business people of each country to invest in the other," US ambassador to Bahrain, Johnny Young, told the newspaper.

On Tuesday, US oil giant Texaco signed a memorandum of understanding with the Bahrain government to evaluate potential oil and gas sites, both onshore and offshore.

Bahrain already has an oil exploration and production-sharing agreement with the US Chevron company, which came into force in March last year.

That accord covers exploration and production sharing in offshore areas to the west and north of Bahrain.

"With modernisation going on in the petroleum sector, there are many more possibilities," the ambassador said.

Bahrain's oil output fell by nearly three per cent to 37,674 barrels a day (bpd) in 1998 from 38,695 bpd the previous year.

Bahrain became in 1932 the first Gulf state to produce oil but its reserves have since almost dried up and its output is for domestic use.

It also receives 140,000 bpd from an offshore field shared with neighbouring Saudi Arabia, from which it imports some 200,000 bpd of crude oil to refine for export.

Indonesia's forex reserves fall

JAKARTA, Sept 4: Indonesia's net foreign exchange reserves fell 133.4 million US dollars to 15.8 billion dollars as of August 31, partly due to foreign debt payments, Bank Indonesia said in its latest weekly report, reports Xinhua.

However, the level of net foreign exchange reserves was still above the minimum target of 14.3 billion dollars set by the International Monetary Fund, the report quoted by The Jakarta Post Saturday as saying.

Gross foreign exchange reserves, which are net foreign exchange reserves plus outstanding foreign exchange contracts, also declined 146.2 million dollars to 26.8 billion dollars, the report added.

WB ready to help East Timor build its economy

WASHINGTON, Sept 4: In the wake of East Timor's overwhelming vote for independence from Indonesia, the World Bank is ready to help the territory build its economy, a bank spokesman said on Friday, reports Reuters.

The spokesman who asked not to be identified, said the bank was "ready to move ahead quickly with assistance, coordinated with the support of other donors and agencies."

A World Bank delegation was expected to visit East Timor in the near future, he said.

Education health and basic infrastructure, including government training, were the main areas of need, in East Timor, the spokesman said.

The International Monetary Fund had not yet developed a plan to offer East Timor financial assistance but may do so soon, IMF spokesman Bill Murray said.

At UN headquarters in New York late on Friday, Secretary-General Kofi Annan said that 78.9 per cent of voters in a UN-organised ballot in East Timor on Monday chose independence from Indonesia, which annexed the territory in 1976.

Jakarta's move was never recognised by the international community.

World Economic Forum to hold East Asia summit in S'pore

SINGAPORE, Sept 4: The World Economic Forum's eighth East Asia Economic Summit, to be held in Singapore next month, will focus on the massive task of restoring economic growth in the region, the organisation said in a statement received today, says AFP.

Three prime ministers — Malaysia's Mahathir Mohamad, Goh Chok Tong from Singapore and Thai Premier Chuan Leekpai — head a list of political and financial heavyweights who will participate in the October 18-20 summit, the Geneva-based WEF said.

International Monetary Fund deputy managing director Stanley Fischer, Thai Deputy Premier Supachai Panitchpakdi, US Assistant Secretary of State for East Asian and Pacific Affairs Stanley Roth, Association of South East Asian Nations Secretary General Rodolfo Severino, and Donald Tsang, Hong Kong's financial secretary will also attend.

The WEF, the foremost global partnership of leaders from business, political, and intellectual sectors, expects about 800 people to be at the summit.

Thai stocks to be at foreign market mercy next week

BANGKOK, Sept 4: Thai stocks will be at the mercy of foreign market performance in coming sessions after plunging 5.8 per cent last week on a weakening currency and financial sector woes, dealers said, reports AFP.

"It is hard to say where the index will be next week," Paibul Rachanijom of ABN Amro Asia said.

The market will be mainly dependent on overseas factors as well as movement in main foreign markets."

The benchmark Stock Exchange of Thailand (SET) index slipped 26.42 points or 5.8 per cent last week to close Friday at 431.12 points.

Average daily trading value dropped 51 per cent of five billion baht (128.9 million dollars) from 10.3 billion baht the previous week.

Paibul said stocks could take direction from Wall Street which soared Friday as fears that the economy was overheating were dampened by figures showing US job growth had slowed.

Looking forward, investors have mainly discounted local factors such as problems in the finance and banking sectors which remain burdened by huge non-performing loans, he said.

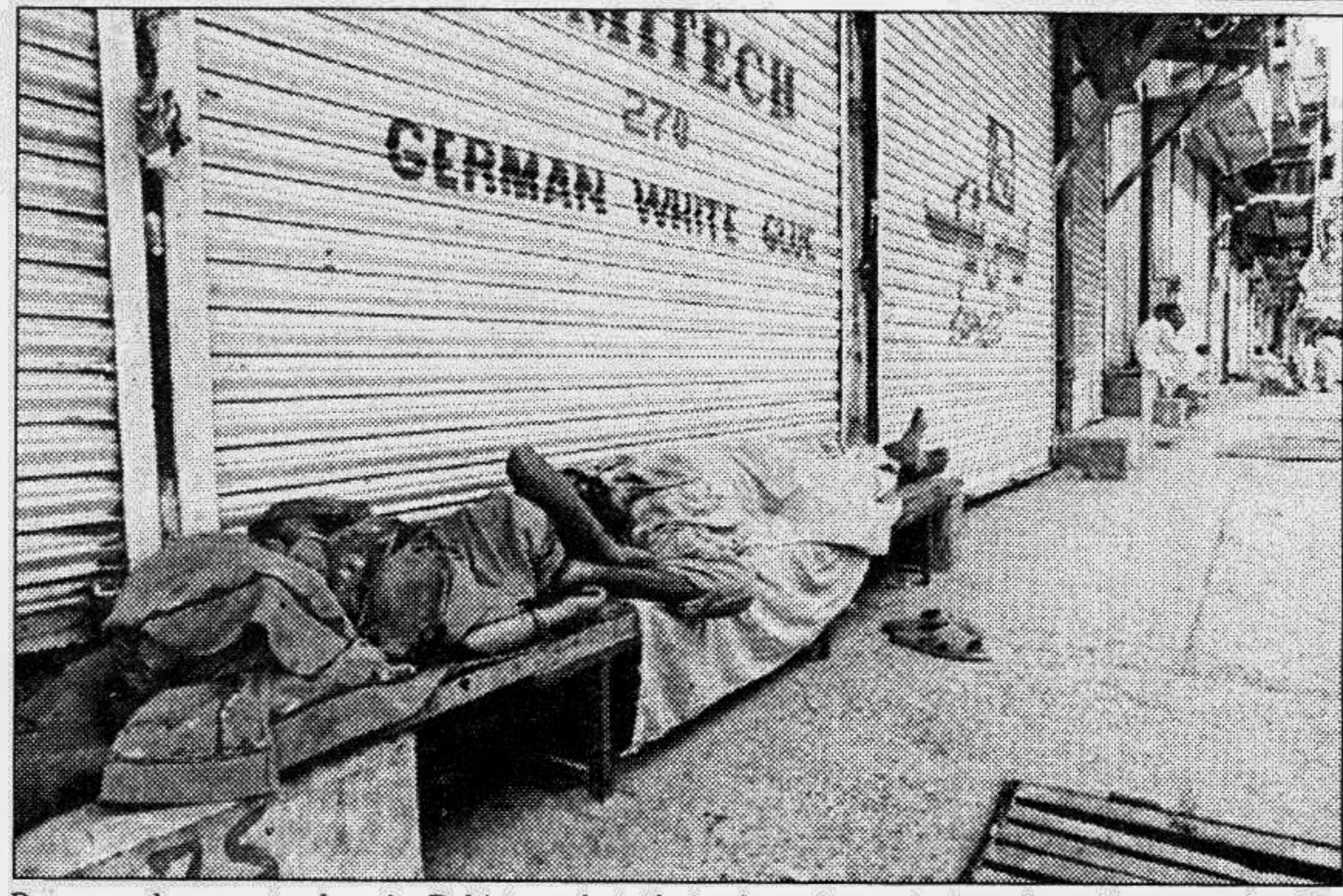
Sentiment may receive a boost Tuesday as the cabinet is expected to approve the latest agreement with the International Monetary Fund (IMF) on its economic rescue plan for Thailand.

The IMF is expected to adjust its forecast for Thailand GDP growth upwards.

Thailand's central bank said this week that the Thai economy could expand three per cent this year.

The market remains wary of the weakening baht however, which this week hit an 11-month low amid strong demand for the dollar by corporates and fears over problem loans in the financial sector.

The baht was rebound slightly late Friday to 38.70-80 to the greenback.



Beggars sleep as traders in Pakistan shut their shops in protest against the general sales tax enforced by the government under the advice of the International Monetary Fund, in Rawalpindi city some 25 kilometers from Islamabad, Saturday. Trading activities were grounded to a halt across the country as traders suspended business in protest. The general strike called by the opposition is part of an ongoing anti-government campaign.

—AFP photo

Lack of trading floor may hit deadline

Communist Vietnam inches toward pilot stockmarket

HANOI, Sept 4: Communist Vietnam is edging closer to opening a pilot stockmarket, but the lack of an equipped trading floor and firms suitable for listing will make a year-end deadline hard to meet, analysts say, reports Reuters.

Most expect a pilot exchange in southern Ho Chi Minh City to open sometime next year, although portfolio investors will hardly salivate due to curbs on foreign shares ownership and the risks associated with Vietnam's nascent private sector.

Nevertheless, analysts said there was interest among institutional players, if only because Vietnam represented an

emerging market that needed to be tracked.

"The restrictions on overseas ownership are probably not going to change soon, reducing foreign interest to something of a cameo role initially," said Dominic Scriven, director of Dragon Capital, which manages two investment funds in Vietnam.

Hanoi's leadership has talked for years about embracing a bourse — the most capitalist of practices — but several deadlines for a pilot market have already been missed.

The current target according to state media is the end of 1999, but officials from the State Securities Commission

ssc, the bourse watchdog, declined to comment on preparations.

The pilot bourse should operate like an over-the-counter market, with some firms and bond issues listed. A fledgling stockmarket would likely take several more years to develop.

Total foreign-held stakes in listed firms have been capped at 20 per cent, and foreign securities houses are only able to hold a maximum 30 per cent in joint ventures with local brokerages.

Financial sources said while much of the necessary legislation was in place, a key problem was preparing the physical infrastructure for the pilot bourse.

The building to be used in the business hub of Ho Chi Minh City is being renovated but trading equipment has yet to be installed and the degree of automation has not been decided.

There was also the issue of quality companies.

"The problem I have with all this talk about the stock exchange is what is going to be traded," said Charles Moore, chief investment officer at Indochina Asset Management (ICAM), which manages two investment funds in Vietnam.

Twenty firms and banks have applied to float on the pilot bourse, but most are small, former state companies. Hanoi has ruled out listing its core businesses such as Vietnam Airlines and Vietnam Posts and Telecommunications.

Some analysts urged Hanoi not to see the bourse as just a way of boosting privatisation, which is the thrust of current official comment on the market's function, but as a way of unleashing the country's inherent entrepreneurial flair.

The market could be a vehicle for the private sector, but it seems the government still sees it as a way of offloading troublesome state companies, said Moore.

3 Daewoo affiliates for court receivership

SEOUL, Sept 4: Three companies affiliated with Daewoo Group have filed for court receivership in a new sign of trouble for South Korea's second largest conglomerate, the Korea Stock Exchange said Saturday, reports AP.

Stock trading for Segye Corp., Shinhan Engineering and Construction Co. and Shinsung Tong Sang will be halted Monday following their application Friday for court receivership, the exchange said.

The three companies, which are engaged in construction or apparel trading, have been reeling under severe cash crunch since Daewoo Group narrowly avoided becoming the country's largest bankruptcy in July.

Last month, creditor banks agreed to keep the conglomerate afloat by rolling over short-term debt and providing new loans in return for a sweeping restructuring plan that will divest the conglomerate of all but six auto-related subsidiaries, said Moore.

The three companies applying for court receivership had been officially spun off from Daewoo years ago, but they still were considered affiliates of Daewoo because they depended on the conglomerate for most of their business and financing,

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US jobs data cheer European markets

LONDON, Sept 4: The share markets