

OECD chief warns against US trade protectionism

CANBERRA, Oct 15: Any move toward increased trade protectionism in the United States could threaten global economic growth, one of the world's most senior economists warned Friday, reports AP.

"If protectionist forces began to become dominant in the United States, that would be a very serious issue," Organisation for Economic Cooperation and Development Secretary-General Donald Johnston said.

"What could make that happen of course would be rising unemployment," he said.

Johnston was speaking in Canberra, the Australian capital.

Australia is in a bitter trade dispute with the Clinton administration over tariffs Washington slapped on Australian and New Zealand lamb imports in an attempt to protect US producers.

Johnston also urged delegates at World Trade Organisation talks next month in Seattle to keep up the momentum for trade reform.

"The important thing is there be progress," he said.

The 29-nation Paris-based OECD groups the world's wealthiest nations.

Oil loses ground as dealers bank profits

LONDON, Oct 15: Oil prices were marked down yesterday in a bout of profit-taking after confirmation of a big fall in US stockpiles of surplus petroleum, reports Reuters.

Late selling pressure pushed global benchmark Brent crude for December delivery down 55 cents to last trade at \$21.90 a barrel, as some players pocketed gains made at mid-week on US data showing a big draw from crude inventories.

Weekly data from the US Energy Information Administration showed a large 7.2 million barrel drop in crude stocks, confirming a similar draw registered by the American Petroleum Institute industry group on Tuesday.

Few traders had expected the EIA to also show such a large decline. And before the API numbers were published, the market had expected a draw of only 1.25 million barrels.

The current market psychology is still very bullish," Paul Ling of Salomon Smith Barney in New York wrote in a commentary.

Prices fell each day last week on fears of slackening OPEC compliance with output restrictions, rebounding only at the start of this week as buyers moved back into the market in force.

In Tokyo, visiting Venezuelan president Hugo Chavez said no decision had been made about oil production cut beyond March 2000, when the current agreement among oil producers expires.

Asked about slipping compliance with output cuts among OPEC members, Chavez said he believed all members were meeting the output quotas.

"If someone is not observing their quota, we will through dialogue, make sure that compliance will be made," he said.

Asian auto sales may return to peak by 2003

BANGKOK, Oct 15: Asia's automobile industry should return to peak sales by 2003 as the region emerges from its recession, one expert at a conference said Thursday, reports AP.

"Vehicle sales in Asia will grow faster than anywhere in the world," said Graeme Maxton, associate editor with the Economist Intelligence Unit, which organized a two-day conference on the Asian automotive sector.

While sales in the United States will grow by only 600,000 units between now and 2003, Asian sales will grow by 2 million in the same period, Maxton said.

"By 2002 or 2003 we should see the return of record volume sales," he said.

Asian vehicle sales peaked at 6 million units in 1996, before the economic crisis slashed consumer confidence across the region.

Part of the reason Asia's growth will look so high in the next few years is because of the low baseline for measuring following the recession, Maxton said.

WB okays \$400m for Thailand

WASHINGTON, Oct 15: The World Bank has approved more than half a billion dollars in new loans for Thailand, Mozambique and Argentina, reports AP.

Thailand will get \$400 million loan aimed at improving its delivery of government services "through outsourcing, restructuring or decentralising government activities," the bank said Thursday.

Mozambique will get \$100 million for a major restructuring of its railways and ports. The changes are designed to help Mozambique increase its share of international freight traffic.

Argentina was approved for \$52.2 million for a health surveillance and disease control project. Health officials there are to use the money to develop a nationwide epidemiological database.

World Economic Forum expert says Investors ready to flock back to post-crisis Asia

SINGAPORE, Oct 15: The Asian economic crisis is over and the flow of international capital into the region is ready to increase, an international expert said Friday, reports AP.

"Post-crisis Asia is emerging," Claude Smadja, managing director of the World Economic Forum, told journalists.

"In coming months, a lot of players will be coming out of the wait-and-see attitude, to see if the recovery was real," he added.

Smadja was speaking on the eve of the eighth annual East Asian summit organized by the forum, a private agency based in Switzerland that brings together political and business leaders.

The summit will take place in Singapore Oct. 18-20, for the second consecutive year.

Three regional leaders — Malaysia's Prime Minister Mahathir Mohamad, Thailand's Prime Minister Chuan Leekpai and Singapore's Prime Minister Goh Chok Tong — are expected to take part, in addition to more than 700 top economists and businessmen from all over the world.

Among the attendees will be

Stanley Roth, US Assistant Secretary of State for East Asian and Pacific Affairs; Australia's Foreign Minister Alexander Downer; Stanley Fischer, deputy managing director of the International Monetary Fund; and Joseph Stiglitz, vice-president of the World Bank.

Lee Kuan Yew, former prime minister of Singapore and the city-state's most influential politician, is also expected to speak at the conference, Smadja said.

Beside providing a regional macroeconomic picture, the summit's aim is to analyze the region "country by country" in terms of each country's economic restructuring, he said.

Following the 1997 regional economic crisis, the affected countries vowed to undertake reforms to liberalize their economies and make them more transparent.

"The recovery should not be accompanied by complacency, as the restructuring process is still going on," Smadja warned.

Economists and businessmen will also focus on China and Japan, he said.

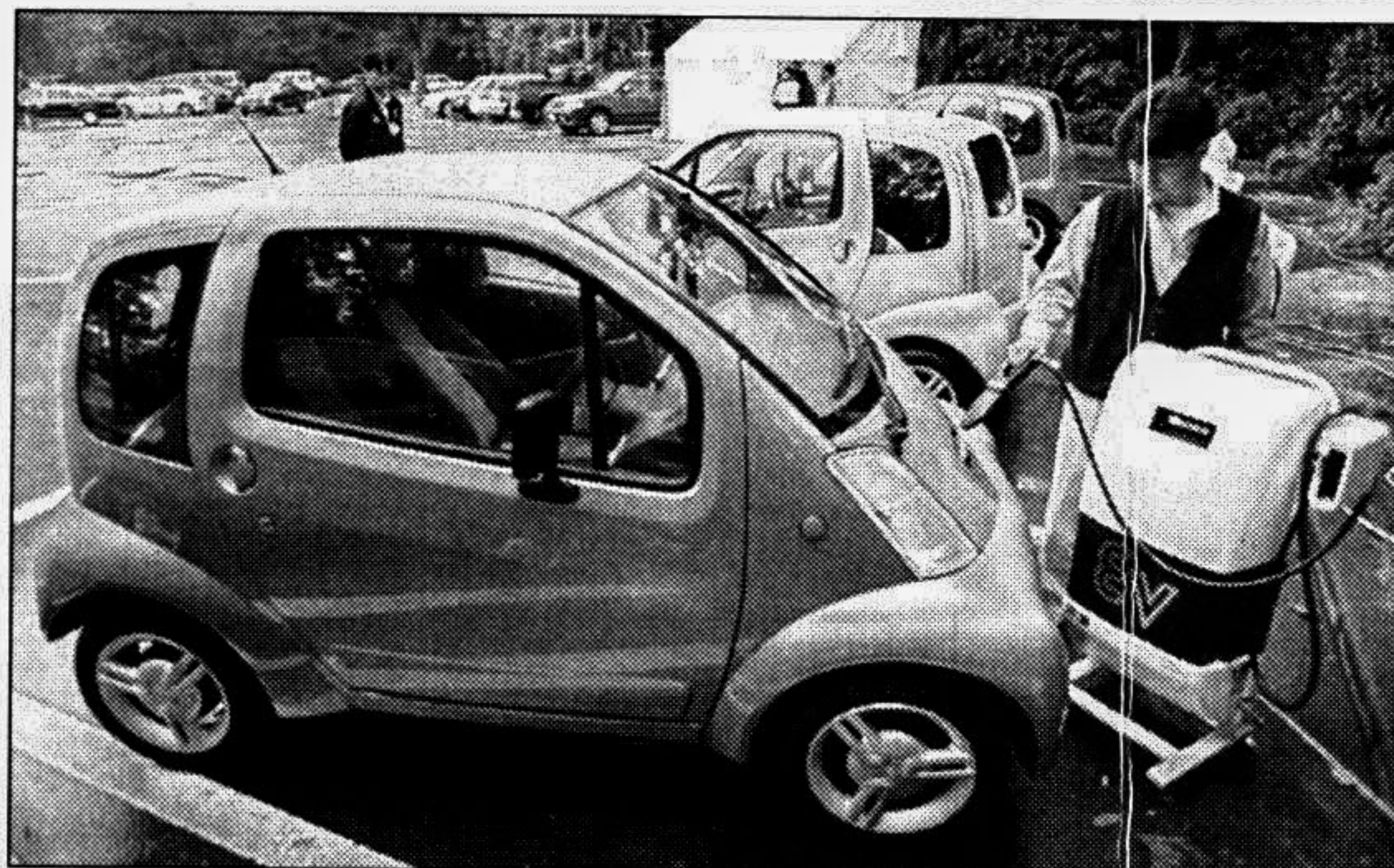
Despite some signs of economic recovery, Japan still presents "a lot of uncertainties," Smadja said, while developments in China are "absolutely crucial" to the region's economic stability, he added.

The recovery period in Asia is also characterized by a new generation of leaders "on all levels: political, social, corporate, and among the intelligentsia," Smadja noted.

The conference will also address the security situation in the region, Smadja said. He added that political uncertainties in Indonesia, which is to elect a president next week, continue to bear on the country's economic progress.

Officials from Singapore's Economic Development Board, which is co-hosting the conference, underlined a sharp contrast between the impending summit and the last year's event, which took place at the height of Asia's economic gloom.

"The summit takes place just as Asia is emerging from the crisis, and there are clear signs that the recovery will continue," said the Board's managing director, Liew Heng San.



An employee of Japan's auto maker Nissan Motor Co., Ltd. charges the new ultra-small electric vehicle "Hypermini EV" during the car's unveiling in downtown Tokyo Friday. The two-seater car, developed as an urban commuter, provides a driving range of 115 kilometers on a single battery charge and achieves a top speed of 100 kilometers per hour. Nissan will put it on the domestic market from next February at a price of four million yen (37,500 dollars). — AFP photo

US renounces sanctions in trade row with Australia

GENEVA, Oct 15: The United States, in a move that won approval from the European Union, revealed yesterday that it would not exercise a right to apply trade sanctions against Australia in a row over leather subsidies, reports Reuters.

The decision, reported to the World Trade Organisation's Dispute Settlement Body (DSB) by US envoy Dan Brinza, was in strong contrast to US action in slapping tariffs worth nearly \$200 million a year on EU goods in the powers' banana dispute.

It suggested, diplomats said, that the United States might be reconsidering its position on sanctions — although Brinza said the leather case presented special circumstances and there was "no fundamental change" in its stance.

US officials had asserted that Australia had failed to implement in full a WTO panel finding earlier this year that its

subsidies to producers of leather used in automobile manufacture violated the body's open trading rules and should be changed.

But Brinza, legal counsellor at the US trade mission, told the DSB it had been agreed with Australia, which insists it has come into line, that the three-man panel would be recalled to decide within 90 days who was right.

Pending that decision, he said, the United States would not apply another WTO dispute rule — which it argues allows it to set the application of sanctions into motion and that the DSB must automatically approve them.

In the high-profile banana dispute, which is still far from a solution, US officials took the opposite tack and announced the sanctions in advance despite fierce criticism from almost every other country in the 134-member WTO.

In a parallel to the leather case, a panel had found the EU was violating the WTO rules with policies favouring producers in former European colonies in the Caribbean and Africa over Latin American bananas marketed by big US firms.

EU happy

The trade sources said EU ambassador Roderick Abbott told the DSB he was "very happy the United States was now ready to act within the (WTO) multilateral framework" despite its stance in the banana case.

He also asked, in what diplomats said was a clearly ironic request, for the EU to be granted rights as an interested party in the sittings of the recalled leather panel — although Brussels has no direct trade interest in the row.

China to allow more SOEs to sell shares

BEIJING, Oct 15: China plans to loosen restrictions on share listings and sales by government-owned companies, giving securities markets a larger role in reform of debt-laden, inefficient state industries, state-run media reported Friday, says AP.

Zhou Zhengping, chairman of China's Securities Regulatory Commission, said that listed state-controlled companies with a strong credit standing and potential for development will be allowed to raise funds by selling some of their government-held shares, the newspaper China Securities News said.

Some companies that list foreign currency-denominated shares on the mainland B-share markets and the Hong Kong stock exchange will be permitted to buy back shares on the secondary market, it reported.

The moves follow a major Communist Party meeting last month where senior leaders vowed to accelerate state enterprise reform and reduce state ownership in non-key sectors of the economy.

"Securities markets will play a more active role in advancing reform and economic development of state firms," Zhou told the Xinhua.



Singapore Airlines CEO Cheong Chong Kong (C, L) shakes hands with All Nippon Airways President Kichisaburo Nomura (C, R) watched by the leaders of the Star Alliance members during a press conference in Tokyo Friday. ANA joined the world's largest airline alliance, while Singapore Airlines will join next spring. — AFP photo

Clock ticking on US-Vietnam trade deal

HANOI, Oct 15: Vietnam is running out of time to sign a delayed trade agreement with the United States and tap the pact's economic benefits, the US ambassador to Hanoi said today, reports Reuters.

Pete Peterson told Reuters Hanoi needed to sign the accord quickly so the US Congress could approve it before Washington's political agenda became dominated by next year's presidential election.

Analysts have said the agreement could be sidelined until 2001 or beyond if Vietnam missed that opportunity.

Peterson declined to comment on why Hanoi had balked at signing the pact, and said it

was unclear when the country's leadership would be ready to put pen to paper.

The former enemies in the Vietnam War reached agreement in principle on the pact in July, and US officials had expected it would be co-signed and enacted by the year-end.

But sources say the elite Communist Party politburo is still debating the merits of the pact.

The agreement will open Vietnam's economy but also give it access to the US market at preferential tariffs, something formerly called Most Favoured Nation (MFN) trade status.

Peterson said the best-possible scenario would be for the two sides to sign the pact before Congress adjourns this year and have it heard and approved early next year.

Congress is scheduled to adjourn on October 29, although its session might extend into November, he said.

"Even if we are unable to go through the Congressional approval process this year, this would put it at the front of the agenda in 2000," Peterson said in an interview.

"If that were the case, then I think it is very feasible that Congress would take it up and act by say mid-February, before the presidential election heats up."

Analysts expect the deal to take several weeks to move through Congress. Vietnam's National Assembly also needs to ratify the pact, but once given the green light by the politburo that would be a formality.

Peterson said the United States had wanted the Vietnamese to sign the deal at last September's summit of the Asia Pacific Economic Cooperation (APEC) forum in New Zealand.

"We wanted to showcase the pact, not so much for us, but for the Vietnamese. They opted not to, and as a result we are just waiting for them to go through the debate process to determine their next steps," Peterson said.

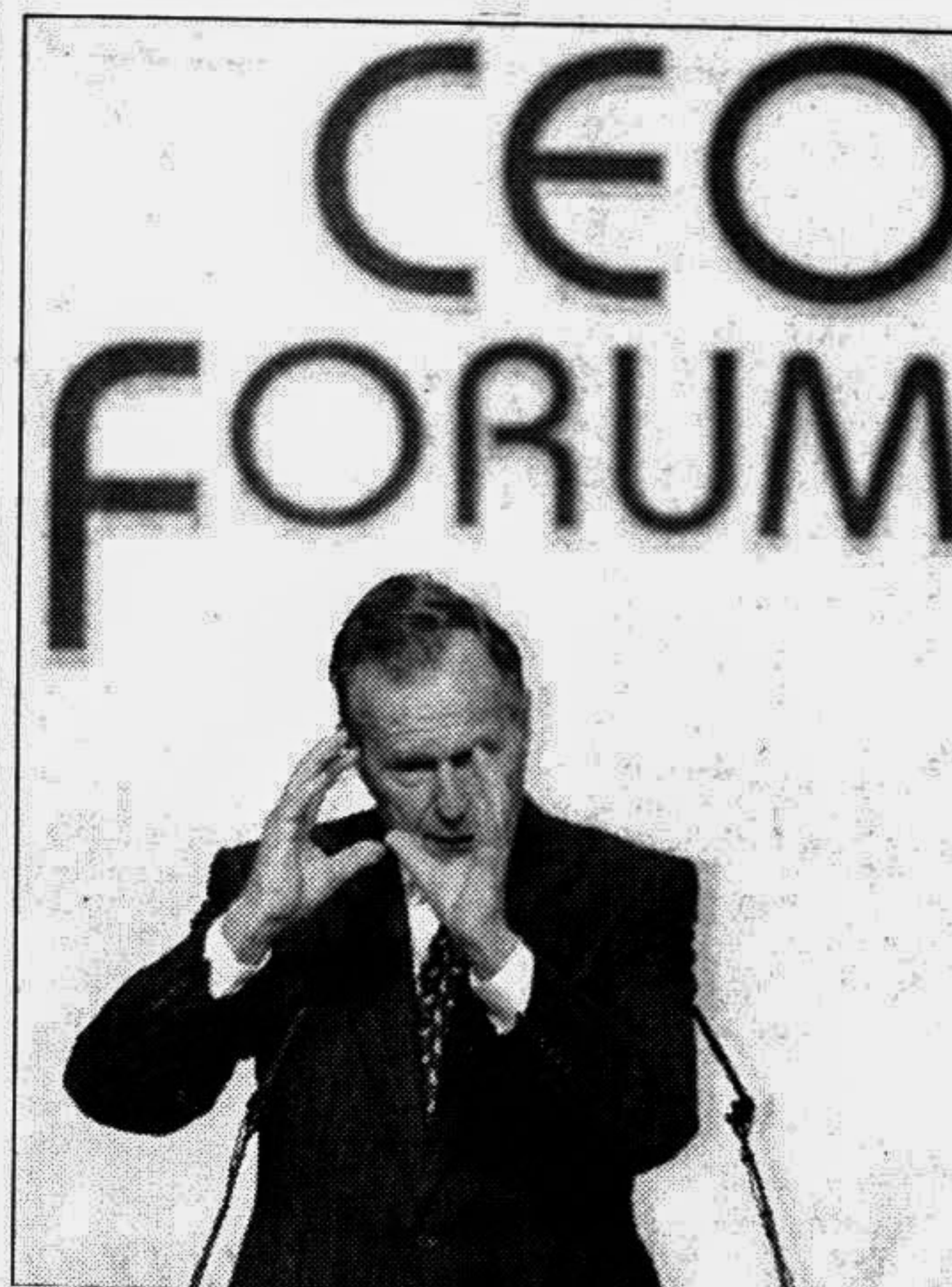
Peterson said he did not believe Vietnam wanted to renegotiate parts of the pact.

But he said it was "disconcerting" Hanoi had yet to decide whether to extend a waiver on a 50 per cent surcharge on US goods imported to Vietnam.

Hanoi passed a law in 1998 that required the government to hike tariffs by 50 per cent on goods from nations that did not accord MFN trade status to Vietnam.

Vietnam this year waived imposition of that tariff hike on US imports for 1999 because of the trade talks.

"That is a question that has to be resolved, and we have asked for a response," Peterson said.



Former US President George Bush speaks to business leaders from around the world at a CEO Forum Friday in Hong Kong. Bush called for strengthened Sino-US ties in the 21st century through a policy of "active engagement." — AFP photo

Global trade barriers cost A\$750b a year

SYDNEY, Oct 15: Trade barriers in services, agriculture and industrial goods were costing the world around A\$750 billion every year, Australian Trade Minister Mark Vaile said today, reports Reuters.

Addressing an Export Summit being held here, Vaile said that as a relatively small player in the global economy, Australia needed the rules-based regime provided under the World Trade Organisation (WTO) to ensure it was not "left out in the cold."

"Given the increasingly competitive and global environment in which our companies must trade, the government will use every avenue available to seek the removal of unfair market distortions that hamper our ability to export successfully," he said.

Maintaining pressure for better market access was one of the biggest trade challenges facing Australia, he said.

Vaile was speaking ahead of the WTO Ministerial Meetings

to be held in Seattle next month, where Australia will push for world agricultural trade liberalisation.

"The (Australian) government's top priority is achieving a positive outcome at the crucial WTO meeting in Seattle next month," Vaile said on Friday.

The Australian Agriculture Minister said he was heartened that the recent Cairns Group and APEC (Asia-Pacific Economic Cooperation forum) ministerial meetings supported Australia's practical proposals for a new round of trade negotiations.

"We must counter attempts by some countries to backslide on their existing market access commitments," he said.

East Asia continued to account for more than half of Australia's merchandise sales, taking A\$44 billion a year worth. It was likely to remain Australia's key regional export destination for some time, he said.

Asian economy still fragile, says IMF

BANGKOK, Oct 15: Asia's economy has begun to recover from recession but is still fragile, the International Monetary Fund said today, reports Reuters.

Kunio Saito, director of the IMF's regional office for Asia and the Pacific, told a regional automotive conference these fragile elements could hamper the recovery process.

The risks included a slowdown in the recovery of regional markets, especially in Japan, a slowdown in US economic growth, the restructuring of companies and the financial sector, and the potential impact of the year 2000 or Y2K issue.

He said that the millennium computer bug was slowly causing some outflow of funds from the region and this could hamper the recovery of economic growth.

"Yes, Asia is recovering and it's real. It will gain momentum, provided that the countries

maintain their reform process for both the financial and corporate sector.

Saito said a recent increase in Southeast Asian car production to near pre-crisis levels was in itself a good indicator for countries like Thailand, the Philippines and Malaysia that there was some degree of economic recovery.

He defended the IMF's policies for crisis-hit countries, saying these countries were showing great improvements since they entered their IMF programmes.

Thailand, South Korea and Indonesia accepted IMF money during the Asian crisis and have since been guided by the fund over policy.

Saito said he expected South Korea to be the best performing of the countries which accepted IMF help, with an estimated economic growth of over six per cent next year.

Bankruptcies down 21 pc Japan govt upgrades economic assessment

TOKYO, Oct 15: Japan is mounting a "modest" recovery from its worst recession in decades, but weak corporate spending and high unemployment are still hindering the economy, the government said Friday, reports AP.

In a closely watched monthly report, the Economic Planning Agency said industrial production is rebounding, residential investment is improving and corporate profits are "rallying."

As a result, the agency lifted its overall assessment of the economy for October, saying the pace of recovery is now "modest," up from "slight." Government stimulus policies over the last year were partly behind the improvement, it said.

The optimism, however, was offset by a downgrade in the assessment of private consumption, considered a key element if the economy is to completely recover.

Japan is struggling to rebound from its deepest economic downturn in 50 years. Recently, however, some bright signs have appeared, most notably two straight quarters of economic growth.

On the down side, EPA official Takashi Omori said that although consumer spending had been moderately improving, it is now only "treading water" due to sluggish personal incomes.

The EPA's August household spending data showed average expenditures rose just 0.1 per cent compared to the year-earlier period. Wage earners' spending contracted 1.1 per cent on year in August, while real incomes slumped 3.2 per cent.

A high jobless rate also continued to weigh on spending. Although the unemployment rate for August fell to 4.7 per cent from 4.9 per cent in July, the EPA said it is too early to call the contraction a trend.

"There have been cases in the past when unemployment has lessened only to worsen again in the next month," Omori said.

Capital spending by private companies, another key component, is still falling even though business sentiment and profits are improving somewhat, the agency said.

On a more positive note, the agency said industrial production is now recovering after output grew 4.6 per cent in August compared to the month earlier, thanks to growing exports to Asia.

Housing starts are also continuing to improve, bolstered by a 16.7 per cent jump on year in the number of condominium starts in August, Omori said.

Separately, the Bank of Japan on Friday left its assessment of the economy unchanged in its monthly report, saying that the economy has stopped worsening.

Japan's economy has stopped deteriorating, and exports and production are improving at present," the central bank said.

It added, however, that there were no clear signs of a firm recovery in private demand.

Another report says: Japanese corporate bankruptcies plummeted 21 per cent in the April-September quarter compared to the same period a year earlier, a private research company said Friday, reports AP.

The slowing rate of bankruptcies signaled Japan's slow recovery from its deepest economic slowdown in 50 years, and suggested a government loan-guarantee program was helping keep companies afloat.

The number of insolvencies in the period fell to 7,919 cases, versus more than 10,000 a year earlier, the private credit research agency Teikoku Data-bank said.

Weekly Currency Roundup

October 10-October 14, 1999

Local Market

Last week, the local foreign exchange market was steady and the demand for dollar remained flat. The market was still extremely long in dollars and the demand for the greenback did not perk up significantly during the week. The accumulation of dollar mainly occurred due to remittances sent by the overseas Bangladeshis and donor agencies. Although import increased a little, it was not enough to boost the demand of dollar. As a result, dollar traded in a range of BDT 49.480 to BDT 49.500 in the interbank market. Cash US dollar traded in the higher range of BDT 51.50 and BDT 51.75 during the week.

The demand for call money was steady and the call rate fluctuated between 5.5 to 6.5 per cent. Last week Bangladesh Bank accepted Treasury Bills worth of BDT 9075 million of which BDT 8640 million was offered for 28 days at an average rate of 6.93 per cent, BDT 200 million for 91 days at 7.16 per cent, BDT 45 million for 182 days at 7.92 per cent, BDT 90 million for 364 days at 8.18 per cent and BDT 100 million at an average of 9.0 per cent for 2 years.

International Market

The international markets saw dollar buoyed against euro on Monday when 1/4 cent of one-week highs at the end of the week, but further gains were expected to be limited. The US currency was supported by a rise in the Dow Jones Industrial Average of 3.5 per cent. This, coupled with some disappointment that the European Central Bank did not deliver a tightening of monetary policy last week, was dampening the spirit of dollar/euro. Nevertheless expectations that the ECB would raise rates in the near future supported the euro and was expected turn higher.

US dollar edged higher against yen amid growing expectation that US interest rates will remain unchanged in the FOMC meeting on Tuesday.

In the middle of the week, euro was trapped in narrow ranges against the dollar supported by persistent speculation that the European Central Bank would raise rates before the end of this year. However, the single currency eased against a broadly firmer yen although activity remained subdued as dealers awaited the Bank of Japan's policy meeting on Wednesday.

The marketplayers commented that the yen bolstered by expectations that the Bank of Japan would not announce any major easing of the monetary policy after its meeting on Wednesday. At the end of the week, dollar mixed got against the euro near a ten-week low amid concerns about US assets bringing downward pressure on the US currency.

The Dow Jones Industrial Average closed 1.77 per cent lower on Wednesday and the yield on 30-year US treasury bonds reached its highest in two years at 6.29 per cent as rising commodity prices fueled inflation fears. The marketplayers said that US retail sales data and PPI data on Friday may present some problems for dollar. They were of the opinion that dollar was also likely to weaken against yen with the market still wary of Japan's intentions despite BOJ's policy decision announced on Wednesday. Bank of Japan has said that it would adopt new money market measures which would allow to add more cash into the system.

— Standard Chartered Bank

Government of the People's Republic of Bangladesh

Local Government Engineering Directorate
Office of the Executive Engineer
68/Ka, Pisciculture Housing Society
Shamoli, Dhaka-1207

Memo No-LGED/EE/Tender-01/99/4171 Dt: 15/6/1406BS
30/9/99

Short Tender Notice No-14/99-2000

Tenders in Bangladesh Form No.-2911 and 2908 respectively under sealed cover are invited from Local Government Engineering Directorate and its all projects pre-qualified 1999-2000 financial year renewed/enlisted (as per class capacity) contractors/contractors' firms for re-construction of schools, 1 (one) at Gulshan thana, 1 (one) at Lalbagh thana and 3 (three) at Demra thana and for supply of furnitures to schools, 1 (one) at Lalbagh thana, 1 (one) at Cantonment thana and 3 (three) at Demra thana in Dhaka City Corporation Area under Regi: Private Primary School Development Project (2nd phase) under the Local Govt. Engineering Directorate during 1998-99 financial year. Tender documents can be purchased at the prescribed price (non-refundable) from the office of the undersigned and (1) Additional Chief Engineer, LGED, LGED Bhaban, Agargaon, Dhaka-1207, (2) Executive Engineer, LGED, District-Narayanganj/Manikganj/Munshiganj/Gazipur/Narsingdi during office hours up to 27/10/99. Tenders will be received at the above mentioned places up to 1:00 PM of 28/10/99 and will be opened at the said places on the same day at 1:30 PM in presence of the tenderers (if any).

Amount of earnest money, time limit for work, additional terms & conditions and other related details can be known prior to submitting tender, from the said offices during office hours.

The authority reserves the right to accept any tender or reject all tenders without assigning any reason.

DFP-22530-10/10
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Syed Mahbubur Rahman
Executive Engineer