

Foreign capital withdrawal from Malaysia slows

KUALA LUMPUR, Nov 5: Foreign portfolio investors pulled more money out of Malaysia last month but the pace of withdrawal slowed, according to official data released on today, reports Reuters.

Cumulative net portfolio outflows since mid-February rose to 3.44 billion ringgit (\$905 million) by October 30 from 2.88 billion one week earlier, the National Economic Action Council (NEAC) said.

Foreign investment in stocks and stocks and bonds had risen steadily between February — when Malaysia eased a restriction on repatriated capital — and July.

Cumulative inflows peaked at 4.7 billion ringgit on July 15, and then foreigners began pulling money out as Malaysia's stock market retreated from its mid-year peak.

Withdrawals accelerated ahead of September 1, when a tax on repatriated principle which had been imposed one year earlier as part of capital controls was scrapped.

By late September, outflows since mid-February has outstripped inflows. Between July and October, more than eight billion ringgit left the country.

But in recent weeks the pace of withdrawals has slackened.

Between October 13 and 20, there was a net outflow of about 555 million ringgit. That was down from 818 million the week earlier and down from an average weekly drop of 941 million over the previous six weeks. It was also the smallest drop since mid-August.

Government officials have played down the outflows, saying they have been far less than some had projected.

"It's hard to draw a conclusion on one week's data, but one can cautiously say now that these withdrawals are not such a big deal," the head of research at a US securities house said.

Y'slav poverty doubles in 2 years; UN

UNITED NATIONS, Nov 5: The level of poverty in Yugoslavia has nearly doubled in the past two years while the national health insurance fund is close to collapse, a UN aid official said yesterday. reports Reuters.

The percentage of the population living on a monthly income of approximately 100 Deutschmarks or less, or \$60 or less, has increased from 33 per cent in July 1998 to around 63 per cent in September 1999, the UN humanitarian coordinator for Yugoslavia, excluding Kosovo, Steven Allen, told a news conference.

Pensioners, the urban poor, single parent households and families with more than three children were particularly at risk, while the national health insurance fund "is on the verge of collapse," he said.

Adding to the problem were the large number of people displaced from Kosovo. They were currently estimated to number about 120,000, although the UN refugee agency believed there were more than 150,000 and had agreed with the Yugoslav Ministry of Humanitarian Affairs to carry out a registration drive in both Serbia and Montenegro, Allen said.

Large numbers of Serbs fled from Kosovo to other parts of Yugoslavia earlier this year when the Yugoslav army withdrew as a result of an 11-week NATO bombing campaign aimed at halting repression of the province's ethnic Albanian majority population.

Those internally displaced persons were in addition to some 500,000 refugees requiring assistance who fled earlier from the 1992-1995 conflict in Bosnia, Allen added.

Manila wants talks on aviation pact with Taiwan

MANILA, Nov 5: The Philippines wants negotiations on a new aviation agreement with Taiwan to be completed within three months, a Philippine official said Tuesday, reports AP.

The time limit is one of two conditions set by Manila for the temporary restoration of an earlier aviation pact that the Philippines terminated, Assistant Foreign Secretary Franklin Ebdalin said.

Air links between the two countries were cut after the Philippine government scrapped a 1996 aviation pact with Taipei at the end of September, accusing Taiwanese airlines of carrying more than their allotted passenger quota and of poaching passengers from Philippine Airlines, the ailing national flag carrier.

On Monday, Transportation Secretary Vicente Rivera said the Philippines has decided to abandon its hard-line position because many Filipino workers in Taiwan hope to return home for Christmas, and both sides have shown interest in resuming talks to resolve the dispute.

Ebdalin, also a member of the government's Civil Aeronautics Board, said the other condition for restoring the air pact is for Taiwanese airlines to "desist" from carrying passengers from Manila through Taiwan to a third country such as the United States.



15-member trade team in city to explore scopes

Germany keen to increase investment in Bangladesh

The visiting German business delegation has shown their keen interest in increasing investments in Bangladesh, reports UNB.

The interest was shown by Peter Clasen, the leader of the visiting 15-member German Asia-Pacific Business delegation, when he called on Commerce and Industries Minister Tofail Ahmed at his office Thursday.

Clasen said Bangladesh would be a preferred place for investment with the better market access and investment opportunities and incentives.

Sufficient supply of electricity and gas, improved infrastructure, including road and port, will be an added advantage to attract foreign investment, he added.

Appreciating the German ea-

gerness the commerce minister said Germany is the second largest export market after the United States. "We highly value trade partnership with Germany."

The minister said that present government had been taking pragmatic steps giving priority to domestic and foreign investment since it came to the power in 1996.

Highlighting various steps to enact the private EPZ law to allow private investors to set up EPZs on their own, the minister said many foreign investors are now investing in these sectors.

Tofail also mentioned that

UNCTAD in its latest investment report stated that the percentage of increase in FDI flow is higher in Bangladesh among Asian nations.

The commerce minister elaborated the prevailing investment environment, including preferential market access, and said that foreign investors will export their product to potential markets, including India, enjoying higher incentives and better investment environments.

Expressing concern at the move of the industrialised countries to impose new trade barriers like labour standards, child labour, eco-labeling and social and environmental standards, the minister said the LDCs have opened up their markets by reducing tariffs and withdrawing non-tariff barriers.

"But the developed nations are trying to restrict us only as importers by barring our exports and raising self-

made barriers," he said, adding that Bangladesh in the Seattle WTO ministerial meet could raise the issue of free movement of goods and labour.

The delegation expressed their satisfaction over the steps undertaken by the government to improve investment scopes.

Meanwhile, Finance Minister Shah AMS Kibria said the government was carrying out reforms in various areas, including the financial sector, to achieve higher growth and alleviate poverty.

A favourable investment environment is prevailing in the country and the government, in addition to its investment-friendly policy, is offering an attractive package of incentives to foreign investors, the minister told the delegation.



Mokammel Haque, Executive Chairman of the Board of Investment (BOI), addresses the closing session of the BOI-UNCTAD workshop on 'Strengthening of the BOI's one-stop service' at a city hotel Thursday. Also seen in the picture, among others, are Paid McMenamin, President of WAIPA, and Urs Nagel, UNCTAD Programme Manager.

— BOI photo

US Senate passes historic banking reform bill

WASHINGTON, Nov 5: The Senate yesterday passed historic legislation to overhaul depression-era US banking laws, one of the final steps in a two-decades-old effort to let banks, brokers and insurers into each other's businesses, reports Reuters.

The Senate approved the bill by an overwhelming 90-8 vote and the House of Representatives was expected to follow suit later on Thursday. President Bill Clinton has already said he will sign the measure into law.

When the history is written of this session of Congress, it will probably identify this legislation as the single biggest achievement, Senate Majority Leader Trent Lott said.

This is vital for the future of

our country," New York Democratic Sen Charles Schumer said. "The future of America's dominance as the financial centre of the world is at stake."

The legislation repeals parts of the 1933 Glass-Steagall Act and 1956 Bank Holding Company Act to level the domestic playing field for US financial firms and to allow them to compete better in the evolving global financial marketplace.

"Everybody who uses financial services will benefit from this bill; everybody who borrows money, everybody who has a checking account or credit card, everybody who buys insurance or securities," Senate Banking Committee Chairman Phil Gramm said. "And when you sum that up, that's everybody in America for all practical purposes."

Regulators had already opened loopholes in the laws to allow some US banks into securities and insurance. Brokerages and insurers will now, in turn, be able to target banks.

Analysts say that could fuel

a wave of mergers in the industry as companies compete to build "financial supermarkets" offering all of the services customers need under one roof.

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