

Asian economies poised to sustain recovery in 2000

SINGAPORE, Dec 19: Asian nations emerging from recession caused by the region's worst financial crisis will enter the new millennium determined to speed up their fragile economic recovery with painful reforms, analysts say, reports AFP.

The skepticism in early 1999 over their ability to overcome the crisis has given way to optimism as domestic demand and exports in the region encouraged upward revisions of economic growth rates for the battered Asian economies.

Most analysts believe that even a slowdown in the US economy, which provided a lifeline for crisis-hit regional economies, is unlikely to derail Asia's recovery.

"The US economic cycle is reaching its limits and cannot be expected to provide the main impetus to Asia's recovery in the year 2000," Singapore-based Vickers Bellas Research Institute said in its latest regional outlook.

But if Asian governments maintain the right policies, economic recovery can continue on course," it said as it forecast average growth of

seven key Asian economies at

around five per cent in 2000 from four per cent this year.

The economies are China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

A growing European economy and Japan's persistence with reforms in emerging from a decade-long recession would also boost Asian recovery, analysts said.

But they pointed out that corporate and financial restructuring in Asia must remain a key goal to sustain recovery.

"The critical factor is that banks continue to be weighed down by bad debts," said Song Seng Wun, vice president for regional economics at G.K. Goh Research Pt Ltd in Singapore.

This fear was echoed by the World Bank in its recent annual review of economic prospects in developing countries.

"Though the East Asian crisis countries are experiencing a strong cyclical recovery, severe structural problems remain, notably the banking systems, high levels of non-performing loans and the large share of insolvent firms," the report said.

Figures show non-performing loans of banks range be-

tween 30 per cent of gross domestic product for South Korea and 70 per cent for Thailand.

Among restructuring efforts implemented by the ailing economies are lessening dependence on bank-based financial systems and boosting capital markets.

"Restructuring is alive and kicking. Enough institutional change has taken place to keep the pressure on for continued reform - we have stronger legal frameworks, improved disclosure measures, more open markets and better regulated capital markets," said Chapman of Goldman Sachs.

Throughout 1999, Asian government exerted greater control over monetary policy even as they coped with domestic and external pressures.

Kuala Lumpur's much-criticised capital controls marked their first year in September with multilateral agencies finally admitting that the controls had helped turn around the Malaysian economy.

Indonesia, which bore the brunt of the financial crisis, also appears to be on the recovery track after political turmoil surrounding the East Timor independence vote.



Japanese Prime Minister Keizo Obuchi (2nd R) makes a speech during a ministerial level meeting on an economic measure at his official residence in Tokyo on Sunday while Chief Cabinet Secretary Mikio Aoki (R), Finance Minister Kiichi Miyazawa (3rd R), Construction Minister Masaaki Nakayama (2nd L) and International Trade and Industry Minister Takashi Fukaya (L) attend. The Japanese government set its forecast for economic growth at 1.0 per cent for the next fiscal year starting in April, up from an estimated 0.6 per cent growth this year.

— AFP photo

France, Japan unite against US over world financial system

TOKYO, Dec 19: Read between the diplomatic lines, the visit of French Prime Minister Lionel Jospin has shown France and Japan growing closer in their opposition to US domination of the debate on international finance, says AFP.

Since the Asian crisis, opinion is growing polarised on how to regulate the global financial architecture whose keystones are the International Monetary Fund (IMF) and the World Bank.

Jospin's two-day visit put the seal on a tentative Paris-Tokyo alliance which is standing up to the United States' "black-and-white approach," a member of the French delegation said.

The alliance may come into its own in the latter half of next year, when Japan assumes the presidency of the Group of Seven leading industrialised nations and France the rotating presidency of the European Union.

"Larry Summers wants the International Monetary Fund to no longer concern itself with rich or poor countries, just with emerging markets," a French official said of the US Treasury secretary's proposal put for-

ward this week.

Summers in a speech delivered in London last Tuesday said the IMF should leave long-term financing for poorer countries to the private sector and concentrate more on emergency funds.

The idea was less than enthusiastically received by many participants at Thursday's inaugural meeting in Berlin of the Group of 20, combining G7 finance ministers and central bankers with their counterparts from developing nations.

France and Japan are averse to any weakening of the IMF's role, saying in the premiers' joint declaration that bodies such as the G20 should not replace but "complement the Bretton Woods System" of the World Bank and IMF.

The US Treasury secretary is also pushing the idea that there can be no half-way house between fixed exchange rates for currencies at pure free-floating ones, in a debate which goes to the heart of the Asian financial crisis.

France and Japan also want to address the issue of excessive volatility between the "G3" currencies, the US dollar, the euro and the yen.

China lifts 2000 growth forecast to 8 pc

BEIJING, Dec 19: Surging exports to the rest of Asia will help lift China's economic growth to eight per cent next year after a 7.3 per cent expansion in 1999, government economic planners now believe, says AFP.

The upgraded forecast from the State Development Planning Commission, reported in Sunday's edition of the English-language China Daily, follows a sharp rise in exports in the second half of this year.

The planning commission now anticipates that exports will rise by a total of 8.1 per cent this year, sharply up from last year's 0.5 per cent growth.

China's exporters have been given a major boost by the much stronger-than-expected recovery of other Asian economies this year.

On the back of this trend, the commission is now expecting growth next year to reach eight per cent - a full percentage point higher than it was forecasting as recently as October.

"The economy is expected to pick up steam next year," it said.

The centre has also increased its forecast for investment growth - to 13.5 per cent, against a figure of 9.3 per cent anticipated for this year.

France, Italy to write off \$8.5b debts

PARIS, Dec 19: France will write off more than 40 billion francs (seven billion euros, dollars) of debt owed by 28 of the world's poorest countries during 2000 and 2001, the finance ministry announced yesterday, reports AFP.

The measure follows a promise to help out the world's poorest economies made at the Group of Seven summit meeting held in Cologne in June, a finance ministry official told AFP.

Britain was the first G7 member country to announce it would wipe the slate clean on the debts of 25 of the world's poorest countries. It announced its move on Friday and called on other countries to follow its lead.

A French finance ministry official told AFP that the date at which the debts are written off will be decided in agreement with the International Monetary Fund and the World Bank.

The British government said it would cancel 100 per cent of bilateral debts with 25 countries named on the list drawn up by the Highly Indebted Poor Countries (HIPC) Initiative before the end of 2000.

The first four countries will

see their debt annulled before the end of January, six more by August and the rest by the end of the year, according to the British finance minister.

Another report from Rome says: Italy is to cancel 1.5 billion euros (dollars) worth of debts by the poorest countries, the cabinet decided today.

It adopted a bill reducing the external debt of the poorest countries "on condition that they agree to recognise and guarantee human rights and basic freedoms," a communiqué issued by the cabinet said.

The treasury said the move was "a financial commitment by Italy of around 3,000 billion lire (1.5 billion euros)".

It said in a statement: "Over the next few years, this commitment will rise to 5,000 billion lire (2.5 billion euros) taking into account Italy's share in the special contributions that will be used by the IMF, the World Bank, and other regional development banks."

The measure follows a promise to help out the world's 41 poorest economies to the tune of 65 to 70 billion dollars, made at the Group of Seven summit meeting held in Cologne, Germany in June.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currencies:					
Currency	Selling TT & OO	Selling BC	Buying T.T.	Buying OO. Sight	Buying OO Transfer
US Dollar	51.2300	51.2700	50.8100	50.6570	50.5850
Pound Stg	82.6750	82.7395	80.9403	80.6966	80.5819
Deutsche Mark	26.8195	26.8404	25.8021	25.7244	25.6878
Swiss Franc	32.4405	32.4658	31.7563	31.6606	31.6156
Japanese Yen	0.5020	0.5024	0.4879	0.4865	0.4858
Dutch Guilder	23.8028	23.8214	22.8998	22.8308	22.7984
Danish Krone	6.9950	7.0005	6.8405	6.8102	6.7800
Australian \$	33.4634	33.4896	32.1221	32.0254	31.9798
Belgian Franc	1.3003	1.3013	1.2510	1.2472	1.2454
Canadian \$	35.0386	35.0560	34.0299	33.9274	33.8792
French Franc	7.9966	8.0029	7.6933	7.6701	7.6592
Hong Kong \$	6.6050	6.6102	6.5248	6.5052	6.4959
Italian Lira	0.0271	0.0271	0.0261	0.0259	0.0257
Norway Krone	6.4233	6.4233	6.3191	6.3001	6.2911
Singapore \$	30.9865	31.0107	29.9888	29.9885	29.9880
Saudi Rial	13.6964	13.7071	13.5103	13.4701	13.4510
UAE Dirham	13.9869	13.9979	13.7958	13.7543	13.7347
Swedish Krone	6.0315	6.0362	5.9540	5.9361	5.9277
Qatari Rival	14.1153	14.1263	13.9190	13.8771	13.8574
Kuwaiti Dinar	173.9263	174.0621	161.4297	160.94	160.7149
Thai Baht	1.3434	1.3444	1.3296	1.3256	1.3237
Euro	52.4544	52.4954	50.6465	50.3125	50.2410

Bill buying rates

TT Dec	30 Days	60 Days	90 Day	120 Days	180 Days
50.7112	50.3866	49.9632	49.52	49.1163	48.2695

US dollar London Interbank Offered Rate (LIBOR)

Buying (\$)	Selling (\$)	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
50.5650	51.2300	USD	6.4625	6.1525	6.2815	6.43	6.43
81.0363	82.9446	GBP	5.7221	5.0694	6.25	6.47324	6.67016
Cash/TC	Euro/TC	Euro	3.7625	3.4675	3.53935	3.70735	3.89

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Tha. Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
43.492/43.50	51.885/51.89	38.15/38.20	3.7995/3.8005	7050/7100	1130.11/130.35

Amex notes on Sunday's market

USD/BDT rates, has fallen slightly, staying in 51.08-51.10 level. The call rate's were stable at 5.75-6.25 per cent level.

Europe's single currency ended lower on Friday, after a week of sharp swings and volatile trading, as investors bet that the US' economic performance would continue to outpace Europe's. Despite fresh positive economic data from the euro zone that lifted the euro to one-week high overnight, Europe's year-old currency rapidly relinquished its gains in New York trading. The euro tumbled as low as \$1.0062, down more than 1.5 per cent from its \$1.0246 overnight high, battered by technical selling and a rally in US stock that bolstered the dollar. "We've had solid gains in the US equity market over the past few days... so it shouldn't be surprising that the euro's giving back some of its gains," said an analyst. In late US trading, the euro stood at \$1.0082, down about 0.8 per cent from \$1.0161 at Thursday's close.

In yen trade, the dollar hovered at the top end of its recent trading range, which has seen it gravitating on either side of 1