

Cash flow to volatile emerging markets seen rising this yr

Bankers' group Instt for International Finance forecasts \$193.1b fund flow

WASHINGTON, Jan 25: Cash flows to volatile emerging markets will recover this year from post-crisis lows, but election spending and the chance of a US market crash point to risks ahead, a leading bankers' group said yesterday, reports Reuters.

The Institute for International Finance, which groups banks and other financial institutions around the world, forecast net private capital flows of \$193.1 billion this year, up from the depressed levels of around \$148 billion in 1997 and 1998.

While private capital flows remain below the average levels seen over the last five years, international investors and lenders are showing increasing confidence in emerging mar-

kets. IIF Managing Director Charles Dallara told a news conference.

The overall picture is of a generally improving trend. However, there are uncertainties and there remain anxieties and there are risks.

Dallara said these risks included the "possibility" of a steep rise in US interest rates — perhaps because of mounting current account deficit — which could be followed by a significant correction in US stock prices.

"I think the worries that have emerged at the edges of the G7 meeting about the US vulnerability due to its current account position are legitimate," he said, referring to the week-

end meeting of rich industrialised countries in Tokyo.

Another potential problem centred on the risk that "over-enthusiasm in emerging market economies might be tempted to boost pre-election spending. Even the most disciplined governments have a difficult time maintaining discipline going through elections," he said.

Capital flows to emerging markets slumped from mid-1997 as one country after another was sucked into a deep financial crisis which started in Thailand and spread relentlessly across Asia and beyond.

At the peak of the crisis, flows threatened to dry up in developed markets too, and Western central banks cut interest rates

sharply to boost confidence.

The IIF said its forecasts for 2000 net capital flows included \$153.5 billion in equity investment and \$119.8 billion in direct investment. Official capital flows, in high demand during the financial crisis of 1997-98, would fall to a net \$9.1 billion from a 1998 peak of \$ 2.8 billion.

The IIF said Latin America would form the largest single element of net private flows to emerging markets, with total flows of \$89.6 billion. These flows slumped to \$68.8 billion in 1998 as Brazil teetered on the brink of economic collapse.

Dallara also repeated his complaints about attempts to involve the private sector in

international rescue deals. He insisted that rescheduling deals should be voluntary, and questioned suggestions that the International Monetary Fund be given the power to give debtor nations protection from creditor litigation.

"These actions have raised some concerns in certain parts of the market place about the extent to which the IMF is willing to look for a meaningful dialogue which will find a voluntary and cooperative role for the private sector," he said.

"We are not saying that bonds should never be rescheduled, and we are not saying that the private sector should not have a role to play in resolving crises, but it should be based on cooperative ... dialogue."

Eight WTO states seek time to implement investment deals

GENEVA, Jan 25: Eight World Trade Organisation members asked yesterday for an extension to implement WTO rules on investment without being taken to task by other members, trade officials said here, reports AFP.

Most of the eight want an extension on the removal of measures in their automotive industries deemed to distort trade and which do not comply with the world trade body's rules on investment (TRIMS).

The original deadline for developing countries to comply was January 1, after which time other WTO members can lodge a complaint against them at the WTO.

But WTO ministers at the Seattle conference last December failed to address how to proceed after the expiry of the deadline.

The Philippines asked during the WTO Council for Trade in Goods for an additional five years saying its automotive in-

dustry continues to be hit by the Asian financial crisis.

Romania also wants five years more to bring measures regarding its automotive and shipbuilding into line, while Argentina wants seven years more for its automotive industry.

Pakistan has also asked for seven years for industrial enterprises — general engineering, electrical goods, agricultural equipment and automobiles — and Colombia has requested seven years for its food processing measures.

Malaysia wants two extra years and Mexico four years for their automotive industries, and Chile has asked for five months to complete the process of removing measures which do not comply with the TRIMS agreement.

The eight countries will now be able to start consultations with interested WTO members on their requests, trade officials said.

DCCI publishes directory of SME consultants, trainers

The Business Advisory Service (BAS) Project of the Dhaka Chamber of Commerce and Industry (DCCI) has published a Directory of SME Consultants and Trainers recently.

The directory incorporates the resume of about 100 active Consultants and Trainers who have track record of expertise to help SMEs for Business Promotion, says a press release.

Business Advisory Service (BAS), funded by the German Government with Technical Assistance of the German Technical Cooperation (GTZ), has been supporting SMEs since the beginning of 1996.

Nevertheless, one main problem of SMEs demanding this kind of services is the lack of information about the existing Consultants and Trainers in Bangladesh. Such information has to be updated and it has to be reliable. It often takes a lot of time to find the sources of information and the reliable answers.

It happens that even the already existing service organisations, working for Small and Medium Enterprise (SME) development and promotion are only duplicating each other's activities and agendas. They are mostly involved in traditional activities rather than helping SME entrepreneurs in the fields of Innovation, Diversification, Product Development, Development of Export Activities and in providing Consultancy and other Technical Assistance.

These were some of the reasons for BAS in the middle of 1999 to start and open a new window in its programme to gather, train, update and develop a Pool of Local Consultants and Trainers. These would be qualified to provide Expert Services to the SMEs in Bangladesh. These services will be need-oriented at an international level.

As a part of this new activity, BAS took initiative to collect detailed information about local Experts through questionnaires submitted to already active Consultants and Trainers.

This Directory will enable interested SMEs to contact the Experts directly and to hire them accordingly.



US President Bill Clinton unveils a 27 million USD Equal Pay Initiative in his budget to combat unfair pay practices against women in Washington Monday. The Initiative includes money for the Equal Employment Opportunity Commission and for the Labour Department. — AFP photo

US accuses China of imposing unfair restrictions at ports

Clinton says deal with Beijing will boost reform, steps up pressure on Congress to okay pact

WASHINGTON, Jan 25: Three months after the United States and China struck a landmark trade accord, Washington accused Beijing of imposing unfair restrictions at its ports and urged the government to reform, reports Reuters.

In a letter released yesterday, US Maritime Administrator Clyde Hart called on Beijing to revise maritime regulations in order to limit the authority of the Chinese government in regulating commercial shipping.

"The regulations represent a sharp contrast to the overall positive direction of our trade relations with China," Hart told Hong Shanxiang, vice minister of Beijing's Ministry of Communications, in a letter dated Jan. 20.

"Moreover, they are inconsistent with your leadership's stated intention to integrate China more closely with the global trading community, with substantially fewer barriers to trade, open competition, and reliance on market forces and mechanisms," Hart added.

In November 1999, the United States and China reached a landmark accord that calls on Beijing to slash tariffs and other barriers to a wide range of markets, from agriculture and automobiles to telecommunications.

But the maritime dispute

shows no sign of letting up.

In August 1998, the US Federal Maritime Commission launched an investigation into whether Chinese port policies were anti-competitive.

Washington says the regulations give the Chinese government broad authority to approve rates, tariffs, service contracts, bills of lading and other contracting terms.

US firms need special approval to redeploy vessels from one Chinese port to another, are limited in the number and location of branch offices they may open, and face restrictions on ground transport to inland customers, US officials say.

China has denied the allegations, insisting US shipping firms receive "fair treatment."

Meanwhile, President Bill Clinton yesterday stepped up pressure on Congress to approve a landmark trade agreement with China, telling lawmakers the pact would encourage Beijing to improve human rights and speed the pace of economic reform.

"We must do it to encourage China along the path of domestic reform, human rights, the rule of law and international cooperation," Clinton said in a letter to lawmakers. "I will make it a top priority in the new year to seek congressional support."

Clinton has tapped Commerce Secretary William Daley and deputy White House chief of staff Steve Ricchetti to lead the lobbying effort, aimed at convincing the Republican-led Congress to support a trade agreement that would open a wide range of Chinese markets and clear the way for Beijing to join the World Trade Organisation (WTO).

But Senate Majority Leader Trent Lott, a Mississippi Republican, said Congress would not be rushed into a vote. Congressional leaders have insisted that China first complete trade negotiations with the European Union and other WTO member nations.

"I don't think we're going to rush it through. China still has some more things they have to do more hardless they have to get over before we would even consider it," Lott said.

In exchange for China reducing barriers in everything from agriculture to telecommunications, Clinton must persuade Congress to grant Beijing favourable access to US markets, so-called permanent normal trade relations status.

Permanent normal trade relations would guarantee Chinese goods the same low-tariff access to US markets as products from nearly every other nation.

Fed rate hike fears grip US stocks

NEW YORK, Jan 25: US stocks fell sharply yesterday, giving bonds a boost after hawkish comments by Federal Reserve officials stirred concerns that the central bank will soon hike interest rates, reports Reuters.

The dollar rose to slightly over \$1 per euro, and strengthened against the Japanese yen.

The technology-rich Nasdaq market logged its busiest volume day ever and the Dow Jones industrial average tumbled to its lowest level in more than three weeks as investors shifted money from riskier stocks into the safer haven of government bonds.

The Dow, which was up more than 1 per cent shortly after the opening, slid 243.54 points, or 2.16 per cent to close at 11,008.17, a level not seen since the second day of trading in the new year, when it dipped below 11,000.

The technology-heavy Nasdaq composite index fell 139.32 points, or 3.29 per cent to

4,096.08, after being in positive territory most of the morning. It was the fourth-largest point drop in Nasdaq's history, but not in the top 10 in percentage terms. The previous fourth-biggest point decline was 138.43 points on April 19, 1999.

"You have these guys saying that interest-rate increases in the past have not slowed the economy," said Pierre Ellis, senior economist at Primark Decision Economics.

The broader Standard & Poor's 500 index slid 39.45 points, or 2.74 per cent, to 1,401.91.

Later, Federal Reserve Bank of San Francisco President Robert Parry, who also is a voting member of the rate-setting Federal Open Market Committee, said the Fed so far has taken a "cautious approach" in reacting to inflation.

The Fed's policy-setting committee is scheduled to meet next Tuesday and Wednesday to decide whether to raise interest rates again.

Lanka plans to raise \$ 500m from IMF

COLOMBO, Jan 25: Sri Lanka has decided to secure a minimum loan of \$500 million from the International Monetary Fund for its pending reform programme, the local Daily Mirror said today, reports Reuters.

The newspaper quoted a top finance ministry official as saying that Sri Lanka would seek the loan from IMF's concessional credit window under its Poverty Reduction and Growth Facility (PRGF).

"What we are planning (is) to seek PRGF assistance to supplement the reform programme and to meet the adjustment cost and ensure rapid but sustainable economic growth over the long term," PB Jayasundara, secretary in the finance ministry, told the newspaper.

He said the loan would support reforms in the banking and labour sectors and the civil services, apart from helping the government make certain macro-economic adjustments.

IMF senior resident representative Nadeem Ul Haque, however, told the newspaper that the quantum of assistance would depend on the degree of reform programme, the consequent adjustment cost and its time frame.

Mr Yen denies G7 forex statement weaker than in Sept

TOKYO, Jan 25: A statement issued by the Group of Seven nations at their meeting on Saturday was weaker than one they issued last September, former Japanese Finance Minister official Eisuke Sakakibara said today, reports Reuters.

Asked his view on a perception by some market participants that Saturday's G7 statement was weaker than the one issued at the previous G7 meeting in September, Sakakibara, a former vice finance minister for international affairs, said, "I don't think the tone in the statement is weaker."

But the commitment that Japan made in the statement is stronger. The point is that the previous one only referred to "Japanese authorities," but this time it referred to Japanese "monetary authorities."

He added that he did not think the statement was calling for further monetary easing by the Bank of Japan.

"The G7 statement said: 'We welcomed the reaffirmation by the Japanese monetary authorities of their intention to conduct policies appropriately in view of their concern, which we share, about the potential impact of yen appreciation for the Japanese economy and the world economy.'"

Regarding the result of the G7 meeting in Tokyo and the statement, Sakakibara told Reuters that it was successful as Japan was able to include the reference that G7 nations shared concerns over the yen's rise, adding: "I think it went well."

He was speaking to Reuters after meeting with Haruhiko Kuroda, vice finance minister for international affairs, but did not give details of his discussions with Kuroda.

Asian stock markets close lower

HONG KONG, Jan 25: Asian stock markets closed lower across the board on Tuesday on the back of a sharp fall overnight on Wall Street, reports AP.

The benchmark 225-issue Nikkei Stock Average fell 161.18 points, or 0.85 per cent, to close at 18,895.53. On Monday, the average closed up 178.62 points, or 0.95 per cent.

Tokyo prices fell following the overnight plunge in New York, where the Dow Jones industrial average closed down 243.54 points at 11,008.17 on Monday. The Nasdaq tumbled 139.32 points, or 3.3 per cent, to close at 4,096.08.

The slump on Wall Street came after investor fears grew over a possible interest rate increase at the US Federal Reserve Board's meeting on Feb. 1-2. Higher interest rates make it more expensive for companies to borrow money and could slow the economy, hurting corporate profits.

South Korean shares closed sharply lower, with the key index tumbling 3.8 per cent in reaction to Wall Street's decline. The Korea Composite Stock Price Index fell 35.55 points to 891.22.

Singapore: Share prices closed lower following Wall Street's tumble. The benchmark Straits Times Index fell 25.81 points, or 1.1 per cent, to 2,388.3.

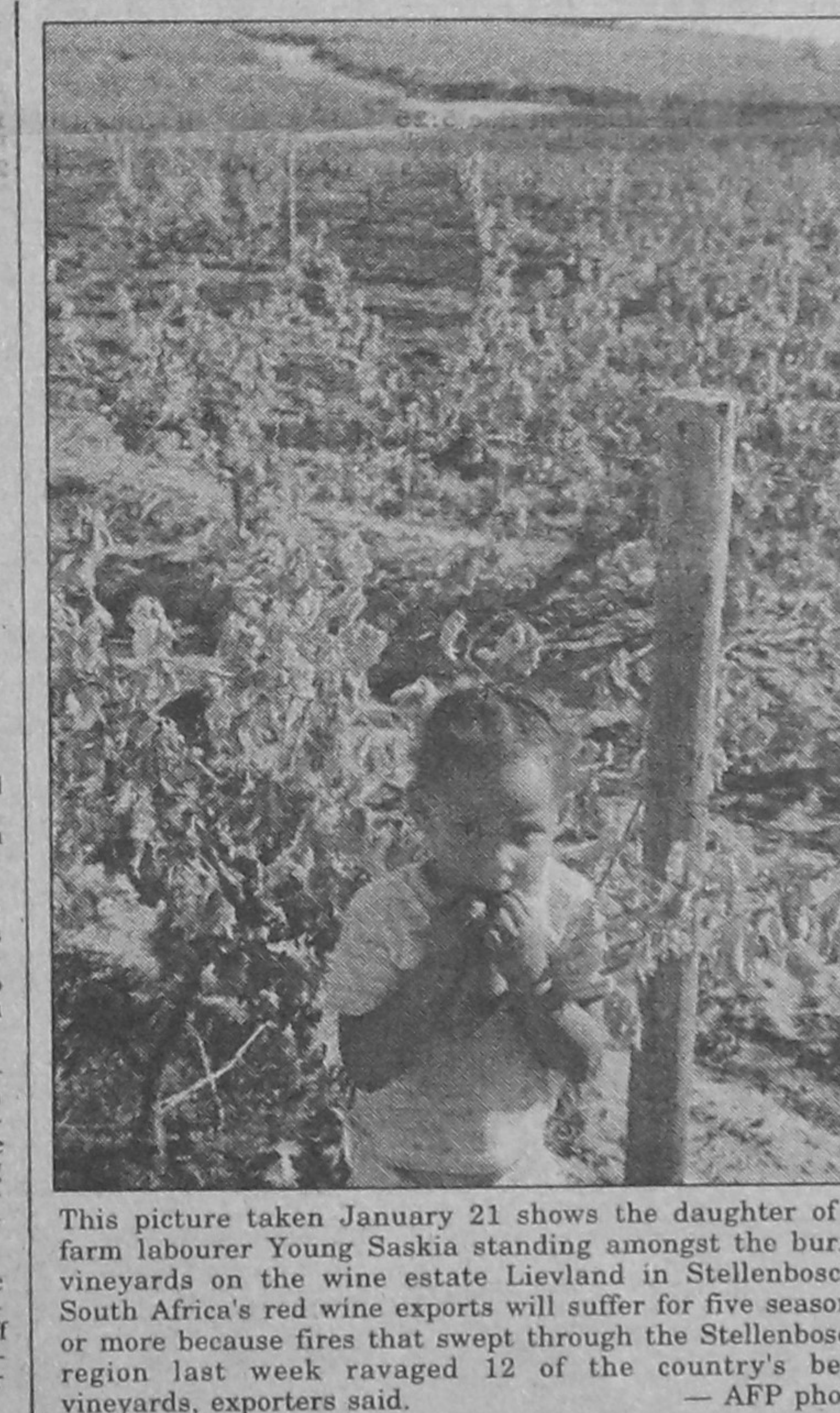
Taipei: The benchmark index closed slightly lower as market sentiment turned cautious ahead of the Lunar New Year holidays next week. The Weighted Stock Price Index fell 14.70 points, or 0.2 per cent, to 9,372.37.

Wellington: New Zealand share prices closed lower, spooked by Wall Street's sell-off. The benchmark NZSE-40 Capital Index fell 15.84 points, or 0.8 per cent, to 2,063.32.

Manila: Philippine shares closed lower, weakened by persistent domestic political concerns and Wall Street's steep fall. The 30-company Philippine Stock Exchange Index fell 8.28 points, or 0.4 per cent, to 2,047.23.

Sydney: The Australian stock market closed lower, led by declines across most blue-chip stocks. The benchmark All Ordinaries Index closed at 3,078.6 points, down 18.0 points, or 0.6 per cent.

Kuala Lumpur: Malaysian shares closed slightly lower.



This picture taken January 21 shows the daughter of a farm labourer Young Saskia standing amongst the burnt vineyards on the wine estate Lievland in Stellenbosch. South Africa's red wine exports will suffer for five seasons or more because fires that swept through the Stellenbosch region last week ravaged 12 of the country's best vineyards, exporters said. — AFP photo

Exchange Rates

Following are yesterday's Standard Chartered Bank rates of major currencies against the Taka.

Central Bank USD/BDT Rate: Buying — BDT 50.85; Selling — BDT 51.15

TT/OD	BC	Currency	Buying		
			TT Clean	OD Sight	OD Transfer
51.2300	51.2700	USD	50.8200	50.6516	50.5631
0.4002	0.4007	JPY	0.4678	0.4663	0.4655
32.4282	32.4535	CHF	31.4519	31.8477	31.2349
31.5767	31.6013	SGD	29.7471	29.6486	29.5968
36.5250	36.5535	CAD	34.2661	34.1525	34.0240
6.0612	6.0659	SEK	5.9494	5.9296	5.9172
34.6161	34.6431	AUD	31.7625	31.6572	31.4503
13.6257	13.6364	MYR	13.2333	13.1895	13.1562
6.6369	6.6421	HKD	6.4821	6.4607	6.4469
13.7704	13.7811	SAR	13.4427	13.3981	13.3641
14.0634	14.0743	AED	13.7210	13.6756	13.6406
0.0457	0.0458	KRW	0.0449	0.0448	0.0447
85.4824	85.5491	GBP	83.2381	82.9622	82.6656
52.3929	52.4338	EUR	50.3982	50.2312	50.1434

Usage Export Bills

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7152	50.4023	49.9846	49.5042	48.9821	47.8126

Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Thai Baht	Mal. Ringit	Indo. Rupiah	Sing. Dollar
43.54/43.59	51.88/51.90	37.29/37.35	3.7998/02	7300/7330	1.6853/1.6863

Market Commentary

On Tuesday the local foreign exchange market was active and the demand for dollar was range bound. The demand for call money was also steady and the call rate fluctuated between 5.5 to 6.5 per cent.

In the international markets, the euro regained more than half a cent against the dollar on Tuesday on the back of sharp US stocks losses overnight after firing with parity against US currency in the previous session. The euro had briefly dipped to one on one level against the Dollar in New York trade when dealers were disappointed that a Group of Seven statement released at the weekend failed to show concern over the single currency's persistent weakness. But a 2.16 per cent fall in the Dow Jones Industrial Average and a 3.29 per cent slide in the Nasdaq composite index on Monday hit the dollar, allowing the single currency to recover much of the ground lost the day before. US stocks were hit after Atlanta Fed President Jack Guyan, a voting Federal Open Market Committee member, said on Monday he did not see signs that the Federal Reserve's three interest rate hikes were slowing consumer demand reigniting fears of an aggressive interest rate tightening in the US. The single currency stood above \$ 1.0060, more than 0.5 per cent up from the seven week low around parity it set a day earlier. The market players said that the market was already focusing on US Federal Reserve Chairman Alan Greenspan's testimony to the US Budget Committee in the hope of getting hints on the US Fed's future decision on rates. Meanwhile the dollar was trading in tight ranges against yen as overseas operators looked for the yen to weaken further in the wake of G7 statement, which highlighted the seven nations shared concerns over the yen's strength.

Government of the People's Republic of Bangladesh

Ministry of Health and Family Welfare
Directorate General of Health Services
Office of the Director, Medical Education and Health Manpower Development
and
Line Director, Pre-Service Education and In-Service Training, Mohakhali, Dhaka-1212
Health and Population Program Project
IDA Credit No: 3101-BD
Memo No. DGHS/ME/Pre-Service/99/220 Dated: 19.01.2000

Request for Expression of Interest

- This request for expression of interest follows the general procurement notice for this project that appeared in Development Business No. 495 of 30 September 1998.
 - The Government of the People's Republic of Bangladesh has received a credit from the International Development Association (IDA) and intends to apply part of the proceeds of this credit to payments under the contract for Health and Population Program Project (HPP).
 - The services include assisting the Line Director (Pre-Service Education) in the following areas:
Package: S-2094
Conducting English Language Training (ELT) for the first year students in all the government medical colleges of Bangladesh and Dhaka Dental College, Dhaka.
 - The Line Director (Pre-Service Education and In-Service Training) now invites eligible consultants to indicate their interest in providing the services. Interested consultants must provide information indicating that they are qualified to perform the services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.). Consultants may form association/consortium to enhance their qualifications.
 - A consultant will be selected in accordance with the procedures set out in the World Bank's Guidelines: Selection and Employment of Consultants by World Bank Borrowers, January 1997 (revised September 1997 and January 1999).
 - Interested consultant(s) may obtain further information and background documents at the address below between 0900 and 1500 hours on all working days.
 - Expressions of interest (EOI) must be delivered in 2 (two) copies during the office hours to the same address by February 25, 2000
- Prof Shah Monir Hossain**
Director, Medical Education and Health Manpower Development (HMPD) and
Line Director, Pre-Service Education and In-Service Training
Directorate General of Health Services (DGHS)
Mohakhali, Dhaka
G-138 Tel: 600130, 8825400, Fax: 9886415

Notice Inviting Tender

No 17 of 1999-2000

- Tenders in sealed covers are hereby invited in Bangladesh Form No 2911 from approved building contractors of Public Works Department according to their financial capacity for the undermentioned work and will be received by the undersigned/by Divisional Commissioner, Rajshahi Division, Rajshahi/ by the Executive Engineer, PWD Division, Rajshahi-I/Rajshahi-II/Natore-Naogaon and by the Sub-Divisional Engineer, PWD Sub-Division, Nawabganj up to 12-00 Noon on the 7/2/2000 Eng and will be opened by them on the same day at 12-30 PM in the respective offices.

Name of work	Estimated cost	Amount of earnest money	Contractors eligible to submit tender.
Establishment of Textile Institute at Iswardi, Pabna under the scheme "Implementation of SSC (Vocational) Textile course" (Sub-Head: Construction of Administrative and Academic Building).	Tk 80,50,000/00	Tk. 1,61,000/00	Special class/combined Class-I (one) & Class-I (one) (Civil) approved contractors of PWD.

- Earnest money shall have to be submitted in the form of Sanchaypatra/BD/CD/SDR from any scheduled bank pledged in favour of Executive Engineer, PWD Division, Pabna. Fixed deposit holders is to submit a certificate from the concerned EE, received within three months.
- The tender forms together with the schedule of items, specifications, terms and conditions, plan etc can be seen and obtained from the office of the undersigned, the Divisional Commissioner, Rajshahi Division, Rajshahi/the Additional Chief Engineer, PWD Zone, Rajshahi/Dhaka/ Chittagong/Khulna/ The Executive Engineer, PWD Division, Rajshahi-I/Rajshahi-II/Natore/Naogaon/Bogra/Sirajganj/Joypurhat/Rangpur/Kurigram/Gaibandha/Lalmonirhat/Nilphamari/Dinajpur/Thakurgaon/Panchagarh and the Sub-Divisional Engineer, PWD Sub-Division, Nawabganj, during office hours on payment of usual charges up to the previous day of receiving tender.

Md Shah Alam
Executive Engineer,
PWD Division, Pabna
DFP-1228-20/1
G-137