

**Indonesia records first economic growth since '98**

JAKARTA, Feb 16: Indonesia's economy grew just 0.2 per cent last year following its collapse during the 1998 Asian financial meltdown, according to statistics released Wednesday, reports AP.

The Central Statistics Bureau said the economy managed to jump 5.8 per cent in the fourth quarter from a year ago.

This came on top of a 0.9 per cent rise in the previous quarter, showing that the democratic election of President Abdurrahman Wahid in October helped quash some political uncertainty and lift output.

Still, political instability and a lack of progress in key reforms continued to bite into economic activity.

The economy's 14 per cent nose-dive in 1998 caused massive riots and public protests and led to the ouster of Indonesia's longtime authoritarian leader Suharto.

The Statistics Bureau said 1999 economic growth was mainly driven by domestic consumption especially a 1.5 per cent increase in household consumption and a 0.7 per cent rise in government expenditure.

**Banks may sue Tokyo govt over new tax plan**

TOKYO, Feb 16: A group of Japanese banks may take legal action against the Tokyo metropolitan government over a new tax plan proposed by Governor Shintaro Ishihara, a daily said today, reports AFP.

In an interview with the Nihon Keizai Shimbun, Katsuyuki Sugita, who heads the Federation of Bankers' Association of Japan, said the group was considering suing the Tokyo government for violating the constitution.

"The new tax plan, which is only aimed at the banking sector, particularly with those with five trillion yen (46 billion dollars) or more in deposits, may violate the constitution's basic rule of equality under the law," Sugita, who is also president of Dai-ichi Kangyo Bank Ltd, said.

"Although we continue to dissuade the metropolitan government from introducing it, we understand that legal action is one of our ultimate options," he said.

Ishihara's plan would impose a tax on banks' gross profits rather than net income and require about 30 of the top banks in Tokyo to oblige it for five years.

The tax plan was the governor's attempt to replenish his administration's empty coffers. On Wednesday, the Tokyo government will explain details on the new plan to the assembly's committee and Ishihara's proposal is expected to be voted on March 30, the last day of the assembly session.

Sugita criticised the Ishihara government for singling out the banking sector for a heavy tax burden, arguing that the scheme could backfire on a recovery in the Japanese economy.

"This could create a detrimental effect on the economy's revitalisation, and levying a heavy tax on banks, a key player in the Tokyo financial market, could slow down their global competitiveness and create a hollow in the Tokyo market," he said.

**Asia still a long way from pre-meltdown ratings**

SINGAPORE, Feb 16: Asia's unexpectedly speedy recovery has sparked hopes of further ratings upgrades, but beyond the positive headlines and data, much still needs to be done for a return to pre-crisis credit ratings, reports Reuters.

Many countries — notably Thailand, Indonesia and South Korea — need to clean up their messy financial sector before they can regain the confidence of investors, analysts say.

In broader terms the region's credit outlook hinges heavily on its ability to sustain growth and recovery.

"The economic cycle has started to recover faster than anyone had expected," said Takahira Ogawa, Standard & Poor's director of sovereign ratings.

"But the credit cycle normally lags the economic cycle. We still have some way to go to

come back completely to the credit quality before the crisis. It would depend on the future direction and structural reforms of individual countries," he said.

The Asian crisis forced troubled countries to resort to drastic measures such as devaluing their currencies, imposing exorbitantly high real interest rates and often painful corporate reform, and seeking international aid.

The severe stress sent their sovereign and corporate credit ratings plunging as default risks heightened.

But the region bit the bullet and has managed to pull through.

Most affected countries, particularly South Korea and Malaysia, have had their ratings upgraded due to a stronger-than-expected recovery.

"The turning point in credit

quality for Southeast Asian sovereigns came in the past year. We can see spreads narrowing since the second half of 1999," said Ogawa.

The ratings outlooks for Malaysia, Thailand and the Philippines are now stable, reflecting improved balance of payments flows, the progress to date in restructuring.

However, these countries are still at most in the upper reaches of triple-B credit rating territory, a long way from their single-A status before the crisis (See table below).

Genuine concerns persist about the ability of policymakers to implement deep banking and corporate reforms to sustain the recovery.

Indonesia's credit quality remains under severe pressure amid political risks faced by President Abdurrahman Wahid. S&P put its rating on

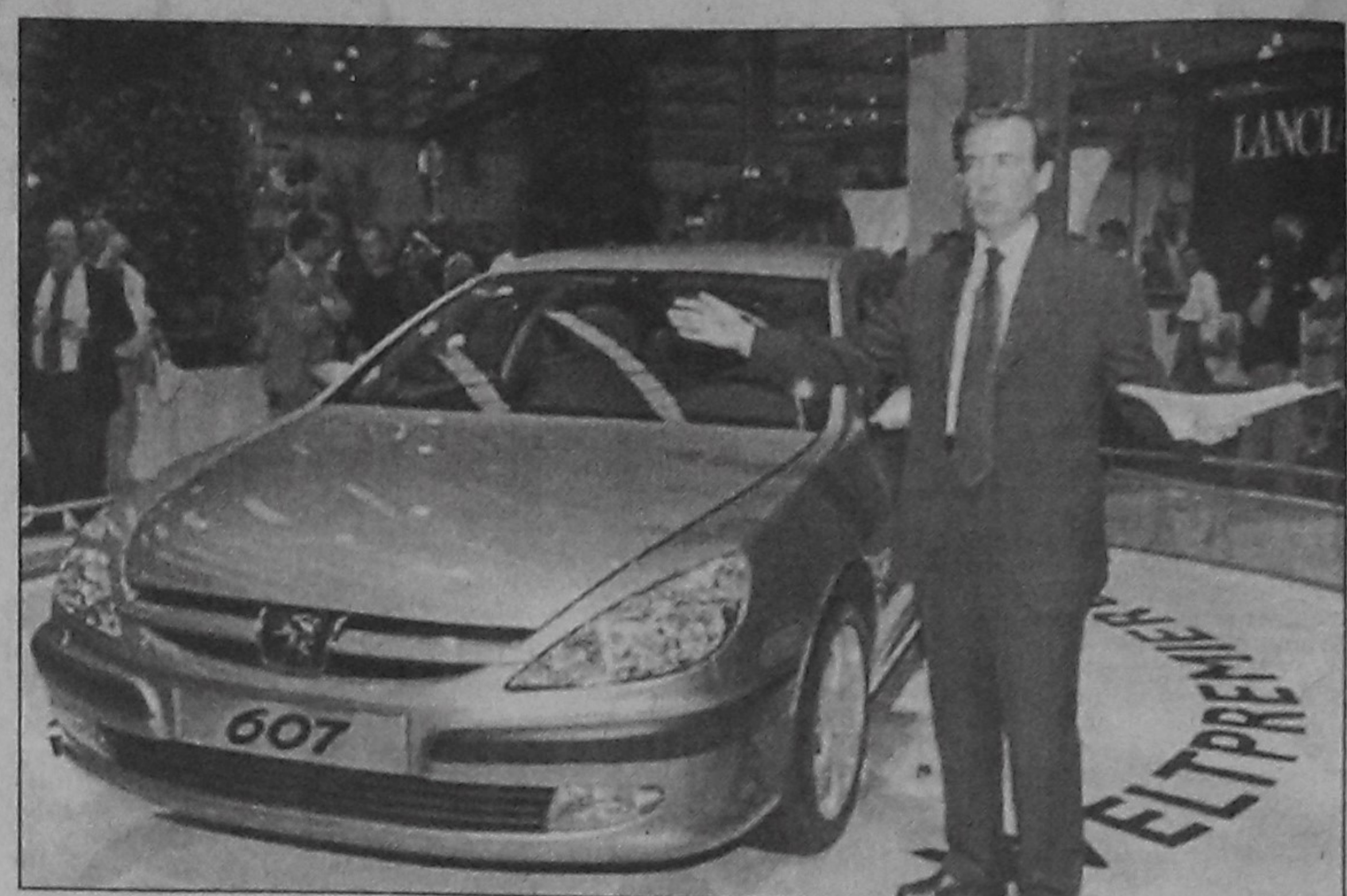
CreditWatch Negative to reflect concerns about the country's political and fiscal challenges.

Banking sectors in many countries are poorly supervised and awash with non-performing loans that cramp their ability to lend.

The Thai financial sector's non-performing loans stood at an average of 38 per cent of total credits at end 1999 and markets and analysts worry about infrastructure loans turning sour again.

South Korea's non-performing loans were estimated at 10.1 per cent of total credits in the third quarter of last year, but that level could surge if Daewoo's debt restructuring collapses.

Credit analysts said they are closely monitoring Asia's asset quality, recapitalisation efforts and how the capital is used as criteria for further upgrades.



Picture dated September 14, 1999 of French carmaker Peugeot's Germany CEO Frederic Saint-Geours posing next to the latest "Peugeot 607" model at the 58th International Automobile Fair IAA in Frankfurt. The price of shares in car-maker PSA Peugeot Citroen surged by eight per cent to 220 euro Tuesday, on market rumours of a take-over bid by German giant DaimlerChrysler, said traders. — AFP photo

**Worst seen over for Cuba**

Plenty of problems still remain to be solved

HAVANA, Feb 16: After six consecutive years of growth, the toughest times are over for communist-ruled Cuba in a decade-long economic crisis provoked by the Soviet collapse and exacerbated by ongoing US sanctions, a key Cuban official said, reports Reuters.

Central Bank president Francisco Soberon also reiterated Havana's confidence in its much-criticised socialist economic model, arguing that it efficacy had been proven by Cuba's social achievements and resistance to recent global financial crises.

"We have been reassured by what has happened in the world that we should go on like this. It has been black and white, very clear to us," he told Reuters in an interview late on Monday.

Despite the economic recovery, including a 6.2 per cent gross domestic product (GDP) rise in 1999, Havana is acting not unduly triumphant, nor soon planning to lift its "Special Period," the state's euphemism for the recession after the Soviet breakup.

Plenty of economic problems remained to be solved, said Soberon, one of President Fidel Castro's top economic planners.

"We have been feeling now for some years that the worst is behind, but we are realistic and know we have still difficult times ahead," Soberon said. "Although at present we are growing in all areas of the economy, there are specific problems that require a lot of attention and effort."

Havana perceives its No 1

problem to be the US economic embargo, or "blockade" as Cuba calls it, in place since 1962 in a failed attempt to oust Castro from power.

Cuba says the sanctions have cost it \$60 billion over the years, and continue to strangle the economy by denying it access to its natural trading partners, blocking international credit lines, and pressuring other countries dealing with Cuba.

"To have the United States trying to destroy you creates real problems," Soberon said.

Cuba's \$11 billion foreign debt was another big obstacle, he added, although there was ongoing contact with the Paris Club of creditors and a recent, \$125 million debt restructuring deal with Havana's biggest creditor, Japan.

**US supports Saudi bid for WTO entry**

RIYADH, Feb 16: US Assistant Secretary of State for Near Eastern Affairs Edward Walker said yesterday the United States supports Saudi Arabia's bid to join the World Trade Organisation (WTO), reports Reuters.

"The United States places importance on Saudi Arabia's bid to strengthen its economy and supports the kingdom's efforts to join the World Trade Organisation (WTO)," SPA quoted Walker as saying at the end of his visit to the kingdom.

"The two sides look forward to increased trade opportunities and further integration in the global economy that will follow the kingdom's membership in the organisation."

Saudi Arabia is now in negotiations to join the WTO. The kingdom and Oman are the only Gulf Arab states not yet members of the global trade club.

Last year, Saudi Arabia launched several far-reaching reforms, largely directed at opening the economy to foreign investment and increasing private sector involvement.

**Sandhani Life okays 10 pc dividend**

Shandhani Life Insurance Company Limited has approved a 10 per cent dividend at its 9th annual general meeting, says a press release.

The AGM, held in the city recently with company chairman Mubkul Hossain, MP, presiding, was addressed by Vice Chairman Ahsanul Islam Titu, Directors Fatema Tahera Khanam, Nurul Islam Ratan, Executive Vice President Aminur Rahman Khan, Managing Director M A Karim and company secretary Dr Mazharul Islam.

**12 issues still outstanding for new IMF cash**  
**Russia hopes for Paris Club deal despite German stance**

MOSCOW, Feb 16: Russia, inspired by a successful restructuring of London Club private debt, hopes for a similar deal this year with the Paris Club of creditor states despite German reluctance, the first deputy prime minister said yesterday, reports Reuters.

"We hope a final agreement with the Paris Club on reorganisation of our \$42 billion debt will be reached during several months of consultations," Mikhail Kasyanov told a news conference.

"We hope to reach this agreement by the end of the year," he said, adding the talks would start in the second half of 2000.

Russia and the London Club of commercial creditors agreed last Friday to cut \$31.8 billion of Soviet-era debt by about 36.5 per cent and to stretch repayments of most of the remainder over 30 years.

Russia would issue new 30-year Eurobonds to be swapped for the currently circulating bonds known as PRINS RUS-PRIN RR and IANS RUSSIAN RR. Russia would also issue 10-year Eurobonds to cover \$2.8 billion in overdue payments accumulated since 1998.

"We will try to reach with the Paris Club an agreement comparable to the one with the London Club," Kasyanov said. The Financial Times on Tuesday quoted Germany's chief negotiator Siegfried Borggreffe as saying the Paris Club was not bound to follow the example of the London Club.

He said Germany, the biggest lender to Russia in the Paris Club, was not prepared to forgive its Soviet-era debt.

Kasyanov said a writeoff was not as important for Russia as an overall reduction of the debt burden, which also involves an extended grace period and below-market interest rates. "Of

course, we will carry out a dialogue with the government of Germany and try to convince them of the necessity of giving Russia a chance to ease its debt burden," Kasyanov said.

Kasyanov said once a comparable agreement with the Paris Club is reached, and the London Club deal comes into force, Russia's annual foreign debt payments would not exceed \$11.5 billion, which was bearable for the budget.

He said legal completion of the London Club deal was expected in two or three months.

Under the deal, Russia will pay creditors \$270 million this year in an upfront cash payment at the time of the 10-year Eurobond swap and the first 2.25 per cent semi-annual coupon.

The rest of the overdue \$2.8 billion debt will be repaid within 10 years including a six-year grace period when the annual coupon will be lower than 8.25 per cent, Kasyanov said.

Russia's 2000 budget provides for foreign debt payments totalling \$10.2 billion.

Meanwhile, a report from Washington says Russia must meet a dozen promises to win new money from the International Monetary Fund, but Moscow and the IMF are pleased with a new deal to

reschedule more than \$30 billion of Soviet-era debt. Alexei Mozhin, Russia's representative at the IMF, said yesterday.

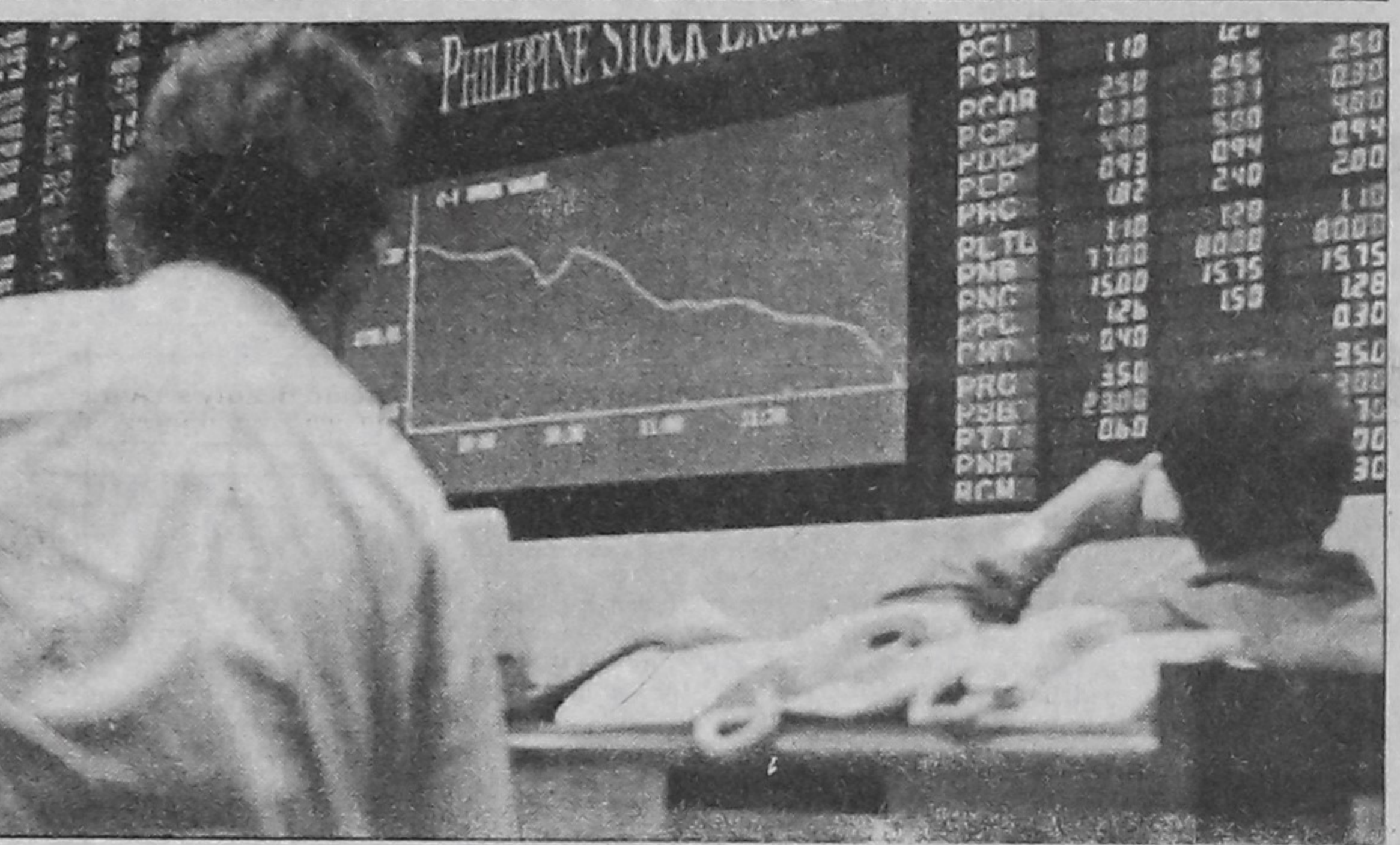
A senior Russian official met with IMF Assistant Managing Director Stanley Fischer on Tuesday, and both agreed last week's deal to write off or reschedule some of Russia's debts to commercial banks was "a big success for Russia," Mozhin said after the meeting.

The new agreement will cut \$31.8 billion of Soviet-era debt by 36.5 per cent and stretch most repayments out over 30 years.

Russian officials now hope to reach a similar deal with the Paris Club of country creditors, although Mozhin said this issue was not discussed in Tuesday's talks between Fischer and Alexander Livshits, Russia's envoy to the Group of Seven rich industrialised countries.

"The status of the relationship between the fund and Russia has not changed," Mozhin said. "Macroeconomic policies have been broadly fine and responsible, even sometimes better than was expected."

Russia, an IMF member since 1992, is already the IMF's largest single borrower, although payments from its latest IMF loan have already been delayed for months.



Traders view the electronic display of the Philippine Stock Exchange in Manila showing a decline in trading Wednesday. Philippine share prices plunged 2.22 per cent to a 10-week low after the release of a report linking a friend of Philippine President Joseph Estrada and several brokerage firms to insider trading and stock manipulation. The composite index fell 43.11 points to 1,894.95. — AFP photo

**Dhaka WASA Tender Notice**  
(পানির অপচয় বন্ধ করুন।। ম্যানহোলের ঢাকনা চুরি রোধ করুন।)

Tenders are invited from enlisted class I civil contractors of Dhaka WASA for the work of rehabilitation of water lines in area of Mirpur Section No-12, D-Block, Road No. 13-17 at an allocation of expenditure of Taka 13,38,922.60. Tenders will be received till 12-00 Noon on 28/2/2000 and will be opened the same day at 2-00 PM before the tenderers or their representatives (if anyone remains present).

Schedule of tender will be available in the office of the Chief Accounts Officer of Dhaka WASA, WASA Bhaban, 98, Kazi Nazrul Islam Avenue, Dhaka and all MODS Zone offices of Dhaka WASA. Other details will be available in the office of the undersigned.

Address: Md Hasan Ali  
Mirpur, Dhaka Executive Engineer  
WASA-PI-32/2000 MODS Zone-4  
DFP-2895-9/2 Dhaka WASA  
G-282

**Government of the People's Republic of Bangladesh**  
External Publicity Wing  
Ministry of Foreign Affairs  
Dhaka

No. 3 (4)/99-EP/908 Dated: 01-02-2000

**"Tender Invitation for Supply of Blank Cassette"**

Tenders are invited from bonafide reputed traders/suppliers for supply of different types audio-video blank cassettes for urgent use of the External Publicity Wing. Tender schedule can be purchased on cash payment of Tk 100/- (one hundred) only (non-refundable) from the office of the undersigned during office hours.

Bank Draft/Pay Order at 5% of the quoted price should be submitted with the tender.

Date of submitting tender in the tender box kept at the reception room of the Ministry of Foreign Affairs is 28-02-2000 up to 12-00 Noon. No schedule will be sold on the date of submitting tender.

DFP-3240-13/2 ATM Monemul Haque  
G-280 Assistant Director (Publications)  
Phone: 9554881

**Government of the People's Republic of Bangladesh**  
Office of the Executive Engineer  
Mirpur PWD Division  
Road # 62, House # N W (D)-6  
Gulshan-2, Dhaka-1212

**Notice Inviting Tender**

- Tender No. : 348/SDI/1999-2000.
- Name of work : Construction of compound wall front side (in front of Play Ground) at BRP at Mirpur, Dhaka, during the year 1999-2000.
- Estimated cost : Tk 9,73,841.00
- Earnest money : Tk 19,477.00
- Time allowed for completion of the work : 75 (seventy-five) days from the date of issue of work order.
- Class of contractor : Enlisted as special class-I, class-I bldg contractors under PWD & class-II bldg contractors under PWD Dhaka Zone, class-III bldg contractors Savar PWD Circle, Dhaka.
- Place of selling and receiving tender : Savar PWD Division/Eden Bldg PWD Division/Gazipur PWD Division/Manikganj PWD Division & this Division.
- Last date of selling tender : 23.2.2000 during the office hours.
- Date and time of receiving tender : 24.2.2000 up to 12:00 Noon.
- Date and time of opening : 24.2.2000 at 12:15 PM.
- No tender will be sold to a contractor/firm who has no "VAT" registration certificate & TIN certificate. Attested copy of "VAT" registration certificate & TIN certificate must be submitted along with the tender.
- In case more than one contractor stood by quoting same rates, the lowest contractor will be selected by the lottery on 1-3-2000 at 11:00 AM in the chamber of the Executive Engineer, Mirpur PWD Division, Dhaka in presence of the tenderers who may like to remain present.
- The authority reserves the right to accept or reject any or all the tender received without assigning any reason thereof.

DFP-3017-10/2 Executive Engineer  
G-293 Mirpur PWD Division  
Dhaka

**Invitation for Bids (IFB)**  
Chittagong Port Authority  
Electrical-Mechanical Department  
Chittagong, Bangladesh

IFB No. CPA/GCF/14 (3rd Invitation) Dated: 25.01.2000

Sealed bids are hereby invited by Chittagong Port Authority from the bidders of Bangladesh and other countries with which Bangladesh has commercial relation for the supply of six (6) numbers of 20 tonne Flatbed Trailer with necessary spare parts and related services as specified in the bidding document. The purchase will be financed under CPA's own resources.

Interested bidders may obtain further information and inspect the bidding document from and at the office of the Director (E&M), Electrical-Mechanical Department, Chittagong Port Authority, Chittagong, Bangladesh, P O Box No. 2013, Cable POTASRAYA, Telex 676256 Port-BJ, Fax 88-031-710593.

Eligible bidders/their local agents wishing to obtain bidding document may purchase a complete set (3 copies) on submission of a written application mentioning the name, address, telephone, telex and fax number of the proposed bidder from the office of (i) Director (E&M), Chittagong Port Authority, Chittagong, Bangladesh or (ii) Divisional Commissioner, Court Building, Chittagong and upon payment of a non-refundable fee of US dollar 45.00 or Tk 2,000/-. The relevant money receipt shall accompany the bid.

Bidding documents will be available for purchase from 23.02.2000 to 23.03.2000.

Bid must be accompanied by bid security of US dollar 2,000.00 (two thousand) or Taka 95,500/- (for local bidder) and must be delivered to the office of Director (E&M) or Divisional Commissioner, Chittagong on or before 11.00 hrs on 23.04.2000 and will be opened on 24.4.2000 at 11.00 hrs at CPA Board Room, Bandar Bhaban, Chittagong.

Director (E&M)  
Electrical-Mechanical Department  
Chittagong Port Authority  
Chittagong, Bangladesh  
DFP-3092-10/2  
G-292  
P.O. Box No. 2013

**Bangladesh Water Development Board**  
Office of the Executive Engineer  
Mymensingh O&M Division  
Mymensingh

**Short Tender Notice**  
No. 07/1999-2000

- Name of work : Temporary protective work at Cherapur Khal under temporary protection of Cherapur Khal sub-project Thana-Mitamañ, Dist: Kishoreganj under Mymensingh O&M Division, BWDB, Mymensingh. Year 1999-2000.
- Estimated cost : Tk. 30,00,000/-
- Earnest money : At the rate 2 1/2 % of estimated cost and @ of estimated cost for fixed deposit holder.
- Classes of contractor : Enlisted contractors of BWDB of classes "A" "B".
- Time allowed : Total 45 (forty-five) days.
- Price of tender document : Tk 750/-
- Place/office : (a) The Divisional Commissioner, Dhaka Division. from where tender document can be purchased (b) The Manager, Sonali Bank, Main Branch, Mymensingh. (c) The Manager, Sonali Bank, Main Branch, Tangail. (d) The Manager, Sonali Bank, Main Branch, Netrakona. (e) The Manager, Sonali Bank, WAPDA Branch, Motijheel C/A, Dhaka. (f) The Manager, Sonali Bank, Bazar Branch, Jamalpur.
- Places/offices where tender document will be received : (a) The Divisional Commissioner, Dhaka Division, Dhaka. (b) The Superintendent Engineer, O&M Circle, BWDB, Dhaka. (c) The Executive Engineer, O&M Division, BWDB, Mymensingh. (d) The Executive Engineer, O&M Division, BWDB, Netrakona. (e) The Executive Engineer, O&M Division, BWDB, Tangail. (f) The Executive Engineer, O&M Division, BWDB, Jamalpur.
- Last date of selling tender : 23.02.2000.
- Receiving date of tender document : 22.02.2000 & 23.02.2000 during working hours and 24.02.2000 up to 12.00 Noon.
- Opening date & time of tender document : 24.02.2000 at 12:30 PM.
- Name of advertiser and address : Md Azharul Islam Executive Engineer Mymensingh O&M Division BWDB, Mymensingh. GD-137

PANI-353/1999-2000