

DPRK to get 200,000 tons of ROK fertiliser

SEOUL, May 6: South Korea will ship 200,000 tons of badly needed chemical fertiliser to North Korea ahead of their first ever summit in June, government officials said Saturday, reports AP.

Seoul's decision to meet one-fourth of the North's total fertiliser shortfall was seen as a gesture to help facilitate talks when the leaders of the rival Koreas meet in the North Korean capital of Pyongyang June 12-14.

The summit between South Korean President Kim Dae-jung and North Korean leader Kim Jong Il would be the biggest diplomatic breakthrough in half a century of confrontation.

Struggling to boost its farm production, the hunger-stricken North seeks fertiliser and other economic aid from the outside world.

Dunham-Bush VP due today

Phuar Boon Hock, Vice President of Dunham-Bush International, a reputed worldwide manufacturer of air-conditioning products, will be on a four-day visit to Bangladesh today to meet the local clients and consultants.

This was announced by the Managing Director of Alrook Refrigeration Co Ltd, the distributor of Dunham-Bush International in Bangladesh.

During his visit, Phuar is expected to meet the top professionals engaged in similar trade and discuss matters of mutual interest.

Unemployment in Germany declines

BERLIN, May 6: German unadjusted unemployment fell to around four million in April from 4.14 million the month before, a trade union official who sits on the board of the Federal Labour Office said yesterday, reports Reuters.

"I expect it to be around four million," Ursula Engelen-Kefar, deputy head of the German Trade Union Federation (DGB), told Reuters.

She said the figures, to be released on Tuesday, would show a smaller fall from March to April than occurred between those two months a year ago. Then the headline jobless total fell by 143,000, official data show.

Ballpark unemployment figures often leak to the media before publication, but it is generally the case that the exact jobless total does not become public until the eve or morning of its official release.

Engelen-Kefar's prediction of four million jobless was above a consensus forecast of analysts polled by Reuters who saw April unemployment at 3.951 million and who forecast the jobless total at 10.1 per cent.

ADB meet begins with focus on poverty alleviation

Asian nations agree on closer monetary cooperation

CHIANG MAI, Thailand, May 6: Asian nations, in a breakthrough towards closer monetary cooperation, agreed in principle today to come to each other's aid in the event of a future currency crisis, reports Reuters.

Finance ministers from the 10 members of the Association of South East Asian Nations, meeting with their counterparts from China, Japan and Korea, agreed to beef up an existing agreement to pool part of their hard currency reserves for use in defending a currency that comes under speculative attack.

The aim of the so-called "Chiang Mai Initiative" is to avert a repeat of the currency crises that swept Asia in 1997, which brought economies across the region to their knees when foreign investors suddenly withdrew their money, triggering devaluations and forcing interest rates higher.

A communiqué said the "ASEAN plus three" group, which met during the Asian Development Bank's annual meeting, had asked the ASEAN secretariat to work out details of the scheme, which its backers hope will lead one day to a fully fledged Asian Monetary Fund.

Japan first proposed an AMF in the wake of the 1997

crisis but the idea was shot down by the United States and Europe, which feared it would undermine the International Monetary Fund.

Analysts called the reserves-pooling plan an important token of political intent by Asia's disparate governments but said it would have to overcome major technical and practical hurdles to have any impact on financial markets.

"No amount was discussed," said Finance Minister Tarrin Nimmannahaeminda, told a news conference. "Future implementation would depend upon further studies on modalities and mechanisms by the ASEAN secretariat."

Xinhua in an earlier report says: "The Asian Development Bank (ADB) opened its 33rd Annual Meeting of the Board of Governors here today with concentration on the poverty reduction in the region, reports Xinhua."

At the opening session of the meeting Tadao Chino, President of ADB, pointed out the overarching goal for Asia and the Pacific and for ADB should be to reduce poverty.

He said that reducing poverty is a "multidimensional challenge," including attaining

pro-poor, sustainable economic growth, social development, good governance, globalisation, ensuring technology not to widen the gap between the haves and have-nots, ensuring productivity increase in the real sectors and checking environmental degradation.

He vowed ADB has resolved to confront the challenge squarely and is taking an integrated approach to fight against poverty.

He also praised the faster-than-expected recovery in 1999 in the crisis affected countries, saying "Asia's developing economies have once again become major contributors to global growth."

However, he warned this recovery must not blur the lessons of the past three years.

He said Asia's recovery sustainability is greatly dependent on a commitment to persevere with structural reforms.

"ADB stands ready to help its developing member countries accelerate and complete the reforms," Chino said.

Thai Prime Minister Chuan Leekpai, Thai Finance Minister and chairman of the board Tarrin Nimmannahaeminda also delivered speeches.

Some 3,000 representatives from the bank's 58 members,

including finance ministers, central bank governors and officials from banks and international financial institutions are attending the three-day meeting.

They all expressed satisfaction over Asia's unexpected rapid recovery from the crisis, and warned against complacency.

The Board of Governors, the ADB's highest policy-making body, comprises one representative from each member country and meets annually.

The board elects the Board of Directors every two years.

During the meeting, the bank also holds seminars on issues ranging from poverty reduction and the international financial architecture to the global networked economy.

With 42 of its members from the Asian and Pacific region, the bank engages in a wide range of social and economic development activities aimed at improving the welfare of the people in the region.

In 1999, the ADB rededicated itself to the fight by adopting a new poverty reduction strategy that rests on three pillars: pro-poor, sustainable economic growth, social development and good governance.

Thailand may do more to cut bad loans

CHIANG MAI, May 6: Further measures to cut bad loans in the Thai banking system could be taken if necessary, but there are no plans yet to do so, Finance Minister Tarrin Nimmannahaeminda said Saturday, reports AP.

Thailand's high level of bad banking loans, currently around 38 per cent of total outstanding lending, are a drag on investor confidence in the country and have slowed a much-needed expansion in credit growth to stimulate recovery from the Asian economic crisis of 1997.

The short-term prospects for the transition economies at the beginning of 2000 are now considerably better than they were in the middle of last year," says the European Economic Survey.

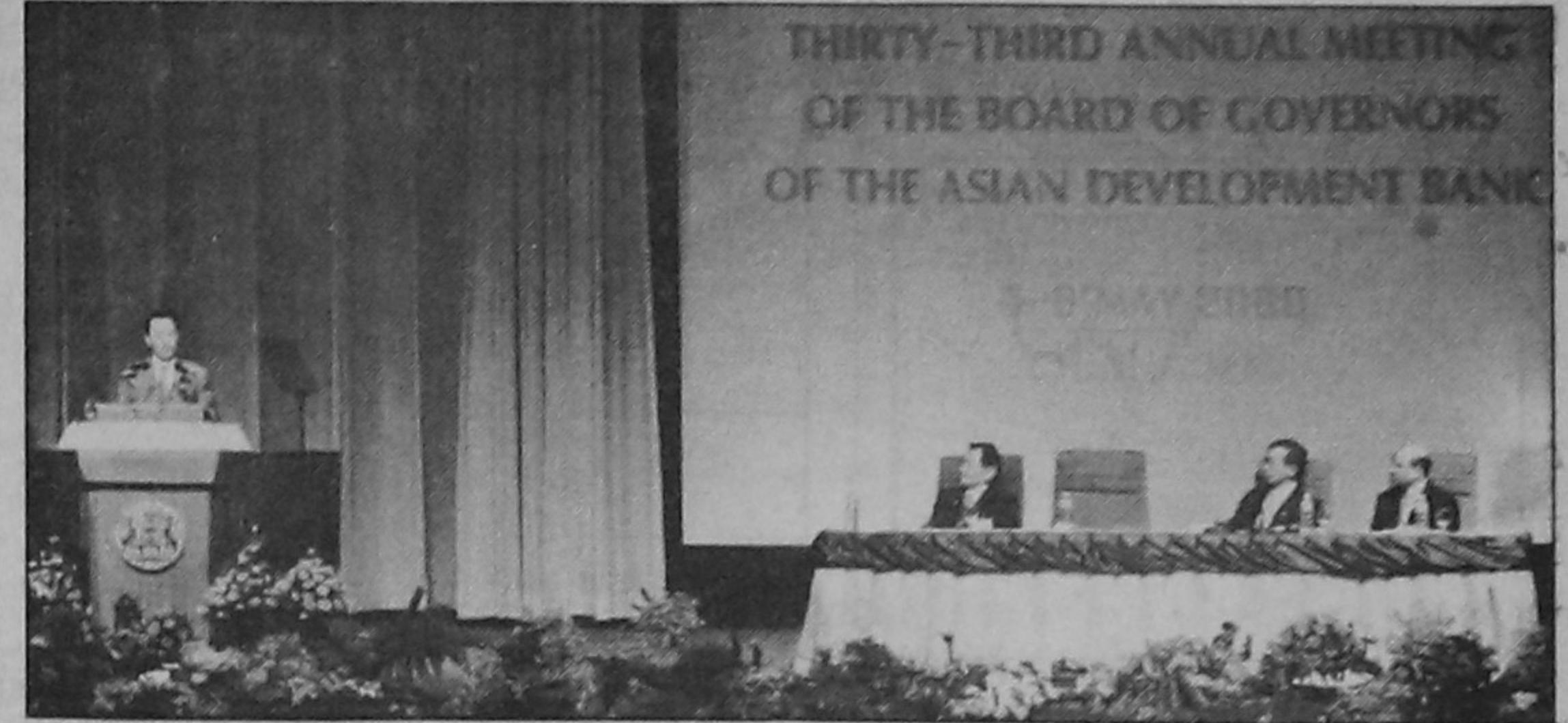
The report explains: Both domestic conditions, notably the recovery of output and the improvement in domestic demand, and the external environment dominated by the cyclical upturn in western Europe are much republics, although here the prospects are more favourable than they were in 1999.

Higher levels of economic activity in western Europe will not only feed through to employment but should also lead to a further decline of the unemployment rate, says the Commission.

Schroeder told a May Day rally in Hannover Monday that his government was committed to getting unemployment "well under 3.5 million" before the next countrywide parliamentary election end of 2002.

The report expectedly does not provide any details about the economic prospects of developing economies. But it explains that such a favourable export performance will contribute to the strengthening of domestic demand within the European countries.

The stronger growth of domestic demand, however, will lead to a rising demand for imports and the change in real net exports should be broadly neutral.



THIRTY-THIRD ANNUAL MEETING OF THE BOARD OF GOVERNORS OF THE ASIAN DEVELOPMENT BANK

— AFP photo

Enormous progress made on new trade round: Moore

BUDAPEST, May 6: World Trade Organisation (WTO) chief Mike Moore said yesterday "enormous" progress had been made towards a new world trade round since last year's disastrous WTO meeting in Seattle, and an attempt to reinforce the bank's soft loan facility.

A key concern of the WTO was "how to win the hearts and minds of people" to setting up global rules. "Of course, we need to put our case better. We also have to listen to our critics more.... We have nothing to hide," he said.

He also admitted that the organisation had to do more to win over critics, although he dismissed many anti-globalisation protests as a simply "frustration with the modern world."

"We have made enormous progress in the implementation since Seattle. There has been a lot of mellowing in positions," he told a press conference during the 33rd World Meeting of the International Chamber of Commerce (ICC) here.

Euro gains, yen falls against dollar

NEW YORK, May 6: The dollar edged lower against the euro and several other currencies Friday despite strong US economic data. But it rose against the Japanese yen and British pound, reports AP.

In New York trading, the euro was quoted at 89.79 cents, up from a late rate of 88.99 cents on Thursday, when it sank to an all-time low of 88.45 cents during trading.

The dollar also fell to 1.7307 Swiss francs from 1.7387 and to 1.4913 Canadian dollars from 1.4976 late Thursday.

But the US currency rose to 108.34 Japanese yen from 108.20 yen late Thursday and gained ground against sterling, which fell to 1.5274 from 1.5418.

Currency analysts said traders largely shrugged off a new economic report that raised the probability of a US interest rate increase when the Federal Reserve meets May 16. Traders instead adjusted their holdings in advance of the

weekend.

"Anytime you have come as far as we have seen against the euro, there is a partial retraction on Friday," said Greg Anderson, financial economist on the currency desk at Fleet Bank in Boston. "I'm surprised the backup is as small as it is."

The euro sank to new lows earlier in the week in what traders said reflected a lack of confidence in the ability of European authorities to take meaningful action to stimulate the economy and make investment there attractive. The euro is the single currency of 11 European nations and has been trading since January 1999.

"The long-term trend is that the euro is going to weaken as far out as you can see until something changes," Anderson said.

A Labour Department report Friday said that the US unemployment rate fell to a 30-year low of 3.9 per cent last month amid stronger-than-expected job growth of 340,000 fanned speculation that the Fed will

raise rates by as much as one-half percentage point to curb growth and head off a resurgence of inflation.

Adding to the inflation concerns was a 0.4 per cent rise in average hourly earnings in April. That was twice as fast as many analysts anticipated.

With an increase in US interest rates would normally boost the dollar, Anderson said currency traders are also starting to worry that a large rate hike could lead to a dramatic economic slowdown which could discourage investment here and hurt the dollar.

"That's in the back of the market's mind," he said.

Currencies of the 11 countries participating in the euro are no longer traded separately and are tied to the euro by a fixed rate. Based on Friday's euro rate, the dollar was worth: 2.1790 German marks, down from 2.1965; 7.3079 French francs, down from 7.3666; and 2.15716 Italian lire, up from 2.174.49.



Finnish Prime Minister Paavo Lipponen (L) pushes a button of a giant mobile phone of Nokia during the opening of a new factory of Finnish Nokia Co in Komarom, northern Hungary, Friday. Lipponen is on an official visit to Hungary.

— AFP photo

US unemployment rate falls to 30-year low

Pressure on Fed to raise rate aggressively

WASHINGTON, May 6: The US unemployment rate fell to 3.9 per cent in April, the lowest rate in 30 years, the Labour Department said yesterday in a report that puts pressure on the Federal Reserve to raise interest rates more aggressively, says Reuters.

Part of the problem, he explained, is Thailand's insistence that there should be a "final resolution" to cleaning bad loans out of the banking system rather than using public funds to buy them up.

Cisco said it hopes to use the Acton, Massachusetts, company — which went public in March — to deliver enhanced services to its customers and help speed up the delivery of content such as Web pages over the Internet. Cisco said it expects the market to grow to \$2 billion by 2000.

The No. 1 maker of computer-networking equipment will exchange 2,1218 shares for each share and option of ArrowPoint Communications Inc. in a \$6.1 billion stock deal to help it better able to handle routing Web traffic, reports AP.

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The deal announced Friday is Cisco's second-most expensive purchase behind last fall's \$7 billion purchase of Cerent Corp. which makes equipment for routing phone calls and Internet traffic through fibre-optic lines.

Cisco has been on a buying spree recently, purchasing several companies while investing in others in a bid to solidify its dominance in the computer networking market. Its goal is to provide complete Internet equipment solutions for businesses both large and small as well as companies that handle Web traffic for other businesses.

Ammar Hanafi, Cisco's head of business development, said the company decided to buy ArrowPoint because it has established itself in the past three years as a clear leader in software that balances the workload of computers doing Web traffic.

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Economists polled by Reuters had expected payrolls to grow by 358,000 in April and the unemployment rate to dip to 4.0 per cent to 4.1 per cent in March.

The drop in the unemployment rate below 4 per cent and continued wage pressure shown in the report pushed US Treas

sur bond prices down and economists said this would be a focus for Fed policymakers when they meet on May 16.

"It is a major worry to them because one of the things that the Fed has been persistently worried about for some period of time now is the tightness in the labour market and how that will play out in wage inflation," Tim O'Neill, chief economist with Harris Bank of Montreal, told Reuters Television.

The Fed has raised interest rates by a quarter percentage point five times since last June to try to cool the red-hot US economy. It has repeatedly said it is concerned that employers may be forced to pay higher wages — a situation which could fan inflation.

More key data will be released before the Fed meets. The Commerce Department releases retail sales for April next Thursday, a good gauge for consumer demand — something the Fed sees as too strong.

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