

## Decline signals crisis recovery BIS lending to Asia falls below LatAm

BASEL, Switzerland, May 12: The Bank for International Settlements (BIS) said today that lending to Asia fell in the second half of 1999, bringing it below levels outstanding to Latin America for the first time in seven years, says Reuters.

The decline signals a recovery from the problems which hit many Asian countries starting with the devaluation of the Thai baht currency in 1997.

The drop "must be seen in the context of Asia's cumulative current account surpluses and a re-flow of foreign portfolio and direct investment, which have largely obliterated the need for bank lending," the BIS said in a half-yearly report on international banking activity.

Banks in 18 major industrial countries reporting data to the BIS had \$ 6.86 trillion outstanding in terms of international loans to all countries at the end of 1999, up about one per cent from \$6.78 trillion at end-June.

The rise was due to loans to developed nations, up nearly two per cent at \$5.43 trillion from \$5.33 trillion.

Those to developing countries including Asia, Latin America and Eastern Europe fell about three per cent to \$784 billion from \$809 billion.

Asia's international borrowings alone fell by six per cent to \$271 billion at the end of December from \$287 billion at the end of June.

The cutback in claims on developing countries was most pronounced in Asia and inter-

national banks' outstanding exposure to this region is now lower than to Latin America for the first time in seven years," the BIS said.

"BIS reporting bank exposures to Asia have fallen by about 30 per cent since the peak of \$391 billion reached in mid-1997 with (South) Korea, Thailand and Indonesia accounting for most of this decline," the BIS added.

The BIS also said one striking development has been the pronounced shift away from interbank lending in favour of lending to the public and non-bank private sectors in Asia.

International bank claims on Asian banks alone fell to 30 per cent of overall outstanding loans at the end of December from 44 per cent at mid-1997.

The BIS did not elaborate on the reasons. But one explanation might be a major restructuring of the banking sector in Asia still underway.

The BIS also said that Japanese banks continued to retrench from lending to the rest of Asia, with exposures to that region dropping to less than a quarter of their total claims from a peak of 48 per cent at the end of 1988.

"Therefore, European banks appear to be gaining a larger share of a shrinking pie," the BIS said.

Statistics released by the BIS showed Japanese banks with a total of \$271 billion in claims outstanding to Asian countries at the end of December, or 24 per cent of total lending.

## US business in HK to lobby Congress on China pact

HONG KONG, May 12: American business leaders in Hong Kong will fly to the United States on Sunday to lobby the sharply-divided Congress to support unconditional permanent normal trade relations (PNTR) for China, says Reuters.

The American Chamber of Commerce's Hong Kong chapter said in a statement that its chairman Richard Kahler would lead a 20-strong delegation to Washington to pledge the unequivocal support of the US business community in Hong Kong and Shanghai for PNTR for China.

"We hope to build on the positive momentum of recent weeks where Congressional support for PNTR appears to be growing in the House of Representatives," Kahler said.

"With less than two weeks before the decisive vote in Congress, I believe AmCham's timely visit will inject a value added dimension to the heated PNTR debate," he added.

The House of Representatives is scheduled to vote on the deal during the week of May 22-26.

It is expected to be close, with many Democrats siding with labour unions that oppose the bill, fearing potential job losses

to lower-paid Chinese workers. Many human rights groups also opposed the pact, citing China's human and labour rights record.

Approval of the deal by the Senate, which is due to vote on the PNTR in early June, is virtually assured.

AmCham said the delegation would meet more than 130 members of the House of Representatives and Senate as well as administration officials, including Commerce Secretary William Daley.

Under the accord negotiated last year, China will slash tariffs and open markets on goods

and services ranging from agriculture to telecommunications once it becomes a member of the World Trade Organisation.

The United States in turn must give up its annual review of China's trade status and permanently normalise trade.

The United States has approved normal trade relations with China annually for the last 20 years.

Hong Kong's leaders have also urged the United States to pass the trade deal, saying it would help not only China but also the territory and the rest of Asia, which is beginning to recover from its economic crisis.

LONDON, May 12: There is no automatic link between changes in the value of the pound and the level of interest rates in Britain, Bank of England Deputy Governor Mervyn King said yesterday, reports Reuters.

In an interview with the agency to mark the third anniversary of the bank being handed responsibility for interest rates, King said it was crucial that the Monetary Policy Committee did not get "fixated" on short-term fluctuations in the pound's value.

In a wide-ranging discussion, a relaxed King said it would be very hard to judge the right level for the pound to enter the euro but emphasised the Bank did not take sides in the debate about whether Britain should join.

The pound has gyrated wildly in recent weeks, hitting a 14-year high against a basket of major currencies last week before falling back in the past few days.

"I am sure that a sharp fall in the exchange rate would add upward pressure on inflation but the question is how much. The whole point of the inflation target is to get away from high frequency responses to changes in the exchange rate."

The MPC has to achieve a government-set target for inflation minus home loan costs

## BOE gov plays down pound-rates link

(RPIX) of 2.5 per cent but does not, as King emphasised again, have an exchange rate target.

He said the current strength of the pound against the euro made it extremely difficult to judge what level the pound might eventually enter the euro at.

"There must be genuine uncertainty about what that level is. Present circumstances make it more difficult because the present level is unsustainable," King said.

"If you go in at too high a rate, you may well have a quite lengthy recession in order to bring down domestic wages and prices to make that rate sustainable. If you go in at too low a rate, you could have quite significant inflation for a period."

King said it was impossible to say with any certainty whether the economy as a whole would be sufficiently converged with that of the euro zone in two years' time to put Britain in a position to join.

But he did not want to speculate on whether Britain would join, saying it was none of the Bank's business and was "above all else a political decision."

"Our biggest responsibility is to conduct monetary policy in as sensible a way as possible so that Britain can choose on the basis of strength whether it wants to go in or stay out."

## WB, Samsung sign partnership agreement

WASHINGTON, May 12: The World Bank and the South Korean conglomerate Samsung Corporation on Thursday signed a partnership agreement under which they will exchange specialists to share experiences in promoting growth in less developed countries, says AFP.

A bank statement said the alliance reflects an interest by both the World Bank and the company to involve the private sector in the eradication of poverty through economic development.

This first-ever staff exchange by the bank with a Korean corporation, in this case Samsung, is sure to be a win-win arrangement," said World Bank president James Wolfensohn.

"The bank will benefit from corporate Asia-Pacific knowledge and Samsung will gain from our global development perspective."

Under the agreement, Samsung will send a private sector specialist to the World Bank and the bank will send a financial expert to Samsung under the bank's staff exchange programme.

Samsung is the 85th corporation to work with the bank under the programme.

IUB executive development programme ends

Star Business Report

The two-day executive development programme on 'interpersonal skills', organised by the Continuing Education Centre of Independent University, Bangladesh (IUB) ended at the university campus in the city on Thursday, says a press release.

The training programme was designed and conducted by Shalini Lal, a training expert and founder of a training institute called 'Infinity' in Mumbai, India.

Participants from various national and multinational companies attended the programme.

SM Al-Husainy, Chairman of Swanirvar Bangladesh and member of Education, Science, Technology and Cultural Development Trust (ESTCDT), the founding trust of IUB, gave away certificates to the participants at a simple ceremony.

The function was attended by the vice chancellor, senior officials and faculty of the university.

Seminar on e-commerce

Meanwhile, IUB's Extension and Continuing Education Centre (ECC) also arranged a one-day seminar on e-commerce.

The seminar focussed on the process, prospects, problems and benefits of e-commerce. It also discussed the steps which are needed to take full advantage of on-line business.

Engg AR Azimul Hogue, Director of Information Services Network (ISN) and part-time faculty of IUB, conducted the seminar.

It was attended, among others, by Dr Bazul Mobin Chowdhury, Vice Chancellor, members of the faculty, members of the Education, Science, Technology and Cultural Development Trust (ESTCDT).



Canadian High Commissioner in Bangladesh David Preston called on President of Foreign Investors' Chamber of Commerce and Industry (FICCI) Waliur Rahman Bhuiyan at the Chamber office on Thursday and discussed matters relating to prevailing investment scenario in Bangladesh vis-a-vis prospects of private Canadian investment in the country. FICCI Secretary Jahangir Bin Alam was also present on the occasion. —FICCI photo

## Colombia cuts budget to comply with IMF targets

BOGOTA, May 12: The Colombian government said yesterday it was slashing 1.12 trillion pesos (\$557.9 million) from its 2000 budget, originally set at 46.6 trillion pesos (\$23.05 billion), in line with IMF-mandated fiscal targets, says Reuters.

The move is part of the government's bid to rein back the public spending deficit to 3.6 per cent by the end of this year from 6.3 per cent of gross domestic product at the end of 1999.

The government was forced to make the cuts, which will fall on investment and government administration budgets, after a series of IMF-mandated economic reforms were held up in Congress.

President Andres Pastrana threw Congress into turmoil last month by announcing he would call a referendum in July

to dissolve parliament in the wake of a wave of corruption scandals.

He has since withdrawn the proposal but it is not clear when Congress may start debating the reforms ordered as part of a \$2.7 billion IMF loan deal signed late last year.

"The unshakable commitment of this country is to keep its book in order... The clear message to the international community is that Colombia has the priority of keeping its fiscal policy in order," Finance Minister Juan Camilo Restrepo said.

He was speaking after a government cabinet meeting. He initially said the budget cut would amount to some 1.21 trillion pesos (\$598 million) but later corrected that figure.

Thursday's cut now means that the 2000 budget is virtually the same in peso terms as in

1999. At the original figure of 46.6 trillion pesos, the 2000 budget was only 2.2 per cent higher than the 1999 sum, before taking into account inflation of 9.2 per cent last year.

National Planning Department chief Mauricio Cardenas said 62 per cent of the cut, or 700 billion pesos (\$346.2 million), would come from spending earmarked for new investment. The remainder would be sliced from the costs of government administration.

Under the original 2000 budget plan, investment spending was already down 18.9 per cent in peso terms compared with 1999, while administration costs were up a slight 2.2 per cent.

Restrepo said, however, that key social programmes, such as low cost housing projects, would not be affected by the cuts.



Group photo of a workshop on "Interpersonal Skills," which ended Thursday, shows the participants with chief guest S M Al-Husainy, Chairman of Swanirvar Bangladesh, and Mahmood-ul-Haq, Director, Continuing Education Centre of IUB. —IUB photo

## US industrial output seen solid

NEW YORK, May 12: Gains in manufacturing employment and strong factory orders point to a surge in April industrial production, which may have registered its fastest growth rate in three months, economists said, reports Reuters.

The manufacturing sector added 11,000 new jobs in April and the factory work week grew by 0.4 hours to 42.1 from 41.7, suggesting strong growth in the index measuring output in the nation's factories, mines and utilities last month.

"The increase in hours worked was pretty broad-based, so it looks like you do have a broad-based strong gain in industrial production in April," said Melanie Hardy, economist at Bear Stearns & Co. in New York.

That strength — along with rebuilding of inventories drawn down in the first quarter as the red-hot US economy barreled ahead at a 5.4 per cent annual growth rate — likely boosted industrial production by 0.7 per cent during April, according to

a preliminary Reuters poll, up from a 0.3 per cent rise in March.

That would be the fastest growth in industrial production since the 1.0 per cent gain in January, which was a 1-1/2 year record.

Economists also forecast capacity utilization, a measure of how close to its limits industry is operating, rose to 81.7 per cent from 81.4 per cent in the prior month.

The Federal Reserve will release the report Monday at 9:15 am (1315 GMT) on the eve of the Federal Reserve's policy meeting where markets widely expect the central bank to raise the federal funds rate on overnight bank lending by an aggressive 50 basis points to 6.50 per cent from 6 per cent.

"It's an important report even though it does seem to be pretty clear that the Fed's going to move (50 basis points)" on Tuesday, said Mike Moran, chief economist at Daiwa Securities America. "A report as strong as this one is going to re-

inforce the perceptions that people have that the economy is in high gear."

Brian Fabbri, chief US economist at Paribas Corp., agreed that the gain in manufacturing jobs in April — an unusually strong uptick for a sector that has long been in gradual decline — was probably a large contributor to April growth in industrial production.

"From March 1998 to April 2000 in only four months did we see any gains in manufacturing jobs," Fabbri said.

Booming orders for manufactured goods, which the Commerce Department recently said grew by 2.2 per cent in March, as well as strong automobile production, suggested strength in April's industrial production, analysts said.

"Inventories were extremely lean in the first quarter alongside very strong domestic demand growth so there is a need for manufacturers to step up the pace of production to try to replenish inventories," said Bear Stearns' Hardy.

## Chittagong Port Authority

Office of the Chief Hydrographer

### Tender Notice

Tenders are invited from bonafide supplier firms of Chittagong for supply of some echosounder recording paper & stylus pin for use of Hydrology Division of Chittagong Port Authority. Tenders in sealed condition should be dropped in tender box kept at the office of the undersigned by 12.00 Noon of 30-05-2000, which will be opened on the same day at 12.30 PM in presence (if any) of the tenderers. 2.5% of quoted amount should be submitted with tender as earnest money through Pay Order in favour of the Port Authority.

Tender schedule can be collected at Tk 400/- (four hundred) per set (non-refundable) from the office of the undersigned or Chief Finance & Accounts Officer/CPA on all working days during office hours. No schedule can be collected on the date of opening tender. The Port Authority reserves the right to accept or reject any tender in part or full.

DFP-10901-7/5  
G-887

Chief Hydrographer  
Chittagong Port  
Authority

## Auction Tender Notice

Dhaka WASA

পানির অপচয় বন্ধ করুন।। ম্যানহোলের ঢাকনা চুবি বোঝ করুন

Tenders are invited from Dhaka WASA as well as Govt, Semi-Govt and Autonomous organisation enlisted 1st, 2nd & 3rd class supplier contractors/bonafide suppliers/interested purchasers for the undermentioned work.

Name of work	Date & time of receiving tender
1) Auction sale of different unused dead/absolute machines and equipment kept at the stores depot (2nd call).	23/05/2000 up to 12:00 Noon.
2) Auction sale of condemned goods stored at Pagla Stores Depot (5th call)	-do-
3) Auction sale of old big Blueprint Machine of P & D (Water) Division (1st call).	-do-

Tenders will be opened at 02:00 PM on the date of receiving tender in presence of the tenderers or their representatives (if any).

Schedule of tender will be available at 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 upto 22/05/2000. Other details will be available at the office of the undersigned.

Address: WASA Bhaban  
98, Kazi Nazrul Islam  
Avenue, Dhaka  
WASA-P:157/2000  
DFP-10988-8/5  
G-888

Zahidul Arif  
Executive Engineer  
Procurement Division  
Dhaka, WASA

## Government of the People's Republic of Bangladesh

Department of Films and Publications

112, Circuit House Road, Dhaka

### Tender Notice

No 3-77/99-2000(F)

#### Open Tender Notice No 105(F)/1999-2000

Sealed open tenders are invited from bonafide supplier establishments for supplying box after making for battery for 35 mm silent camera.

Description	Quantity
1. Battery box for 35 mm silent camera made of good quality leather	6 (six)

Each set of tender schedule will be available in the Accounts Section of the Department on payment of Tk 400/- till 18-5-2000 (4-02-1407). Tender will be opened on 21-05-2000 (7-02-1407) at 11.35 am.

DFP-11235-9/5

G-890

Sharke Chaman Khan  
Assistant Director (Film)



## Bangladesh Gas Fields Company Limited

(A Company of Petrobangla)  
Post Box No 8, Brahmanbaria

### House Wanted for Office

Wanted independent house of minimum 5,800 sq ft (covered area) with sufficient number of bathrooms at (Dhanmondi, Kalabagan, Baily Road, New Eskaton, Moghbazar, New DOHS, Mohakhali, Banani or Uttara area of Dhaka city for use as Liaison Office-cum-Rest House of this company. There should be all time garage facility for 4 (four) cars and open space for parking 3/4 vehicles at times at the house. Besides, to ensure improved telecommunication system of the company, the BGFLC authority will install, at its own cost, a 20 kilowatt capacity diesel generator and a mast of height 15 to 60 feet, as required, at the house, which would require sufficient open space.

Interested house owners are requested to deposit signed application/proposal with name, address, papers regarding ownership, drawing of house and stating monthly rental at sq ft rate (separately for approximately 5,800 sq ft covered area, garage & open space) under sealed cover in the box kept at company's Liaison Office, 97, Purana Paltan (Bijoynagar), Dhaka on 31 May, 2000 by 11:00 hours. The applications/proposals will be opened on the same day at 11:15 hours in presence, if any of the interested house owners.

The owner of the selected house shall have to execute a 5 (five) years contract as per this company's existing house hire contract terms. The house should be handed over to the company from 1st July, 2000 and the house hire contract will be effective from such date of handover.

The Bangladesh Gas Fields Company authority reserves the right to accept any application/proposal or reject all applications/proposals without assigning any reason.

PRS-9/12 (SVCS)/2000

DFP-10856-7/5

G-889

Deputy General Manager  
(Services)