Asia forum calls for continuing reforms

Three-day meet begins

SINGAPORE, June 6: Officials and economists Tuesday sounded a note of caution about Asia's recent economic upturn, saying countries in the region need to continue reforms to avoid a repeat of the 1997 crisis, says AP.

"The worst may be over, but it is no time for Asia to be complacent," Singapore Finance Minister Richard Hu said at the start of the three-day Asia Development Forum.

Some 400 officials, academics and members of non-governmental groups are taking part in this year's event, titled "East Asia: From Crisis to Opportunity." The last Asia Development forum was held in 1998 in Manila, in the thick of the economic turmoil.

This year's event aims to assess Asia's current economic outlook and that needs to be done to avoid another collapse.

"Reforms are far from complete," said Hu in his opening speech. He noted that Asia faces rising competition for foreign investment from other emerging markets in Latin America and Eastern Europe.

He urged governments to develop stronger ties with the private sector to advance growth. A major component of that partnership will be working to upgrade the education and training of workers, Hu said.

Educating labour, was well as improving expenditure management and government accountability will be key factors to avoid a repeat of the 1997 collapse, said World Bank lead economist Richard Newfarmer.

Chia Siow Yue, director of the Singapore-based Institute of Southeast Asian Studies, also noted that economic growth was fragile.

"There may be some setbacks," she said, noting that efforts at corporate restructuring are not going as fast as they should be.

There were also weaknesses in the area of private sector investment, she said, with foreign investment not coming in strongly enough.

She said one of the reasons for the rapid economic upswing was the "dramatic" export recovery, particularly in the electronics sector.

OPEC's price stability pact stalls before launch

LONDON, June 6: OPEC's bold attempt to manage oil prices within a band languished on the drawing board yesterday on the brink of its first test after Saudi Arabia suggested the informal stability pact needed fine-tuning, says Reuters.

The kingdom's Oil Minister Ali al-Naimi said the cartel had yet to agree on the small print of the historic agreement aimed at moderating prices riding within sight of nine year highs.

The mechanism was not fully automatic and was subordinate to talks within the Organisation of the Petroleum Exporting Countries (OPEC), he told the Middle East Economic Survey.

He argued in an interview conducted on May 31 that an output rise was not needed because international crude markets were balanced, although the final decision lay with OPEC as a whole.

On Monday Naimi issued a separate statement saying an output hike was now back on the cards amid new bullish data for crude markets. But this later statement made no mention of the mechanism.

His flurry of comments intrigued dealers who had assumed the device would be triggered any day now, in theory unleashing 500,000 barrels per day (bpd) onto world markets to calm prices.

"One of the subjects that we will deal with at the extraordinary meeting in June will be defining the band more precisely," Naimi told the Cyprus-based weekly, referring to the cartel's next gathering.

Saudi Arabia was committed to the mechanism, he said, but added: "This is not necessarily an automatic trigger."

Naimi argued that the fact that OPEC had launched a price band did not remove the right of OPEC ministers to decide when or when not to increase production.

Under the mechanism agreed in late March and outlined by OPEC President Ali Rodriguez, producers automatically raise or cut output by 500,000 bpd if the 20-day moving average price for a basket of OPEC crudes leaves a $22-28 range.

The average for the OPEC basket for the last 20 days to Friday stood at $27.81 a barrel.

If prices stay high, the average could exceed $28 in the next day or so and Venezuela's Rodriguez would then call for an output hike.

The device would mark a radical shift from traditional face to face output quota talks by ministers used to wrangling over market share in secretive Vienna hotel room cabals.

Some now suspect OPEC may lift output but will be unable to resist the perennial urge to debate production quotas, uneasy about delegating authority to a mathematical mechanism.

Dealers said Naimi's comments indicated old habits die hard.

"Apparently man will still be superior to machine," commented Peter Gignoux of brokers Salomon Smith Barney.

If OPEC wishes to use the mechanism, it would need to settle several issues including the timetable for any supply increase and whether the extra crude would be measured against actual production or from formal output ceilings.

Dealers also want to know how long would it be before another OPEC output rise if prices fail to retreat to within the band following the first 500,000 bpd hike.

The mechanism has drawn intense interest from energy financiers because oil price instability is the scourge of producers and consumers trying to plan investments.

Prices fall

Another report says: Oil prices extended earlier losses in volatile trading yesterday as dealers struggled to interpret what they considered to be conflicting statements from OPEC heavyweight Saudi Arabia about OPEC output policy.

July Brent Blend crude futures on London's International Petroleum Exchange (IPE) settled at $28.37 a barrel, down 68 cents from Friday's close and more than a dollar below Monday's highs.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currencies.

Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	51.2500	51.2800	50.8500	50.6970	50.6250
Pound Stg	78.0592	78.1201	76.8755	76.6440	76.5351
Deuts Mark	25.1667	25.1863	24.1732	24.1004	24.0662
Swiss Franc	30.9809	31.0051	30.3416	30.2502	30.2072
Japanese Yen	0.4793	0.4797	0.4709	0.4694	0.4688
Dutch Guilder	22.3359	22.3533	21.4541	21.3895	21.3591
Danish Krona	6.5344	6.5395	6.3976	6.384	6.3693
Australian $	30.2155	30.2390	28.9261	28.8390	28.7980
Belgian franc	1.2202	1.2211	1.1720	1.1685	1.1668
Canadian $	35.0123	35.0396	34.0048	33.9024	33.8542
French Franc	7.5038	7.5097	7.2076	7.1859	7.1757
Hong Kong $	6.5874	6.5925	6.5066	6.4870	6.4778
Italian Lira	0.0254	0.0254	0.0244	0.0243	0.0243
Norway Krone	5.8694	5.8740	5.7783	5.7609	5.7527
Singapore $	30.1424	30.1659	29.1911	29.1032	29.0618
Saudi Rial	13.6960	13.7067	13.5104	13.4697	13.4506
UAE Dirham	13.9866	13.9975	13.7954	13.7539	13.7344
Swedish Krona	5.8172	5.8218	5.7454	5.7281 •	5.7200
Qatari Riyal	14.1118	14.1228	13.9156	13.8737	13.8540
Kuwaiti Dinar	172.7766	172.9115	160.4560	159.9728	159.7455
Thai Baht	1.3222	1.3233	1.3090	1.3051	1.3032
Euro	49.2218	49.2602	47.2787	47.1363	47.0693

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.8012	50.4758	50.0517	49.6275	49.2033	48.3550

US dollar London interbank offered rate (LIBOR)

Buying ($)	Selling ($)	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
50.6750	51.2700	USD	6.2250	6.79250	6.98000	7.15000	7.27000
76.5351	78.0592	GBP	6.08750	6.24625	6.38703	6.51125	6.64156
Cash/TC	Cash/TC	EURO	4.26000	4.42500	4.60625	4.76938	4.88000

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
4.66/44.67	52.095/52.10	38.89/38.94	3.7995/3.8005	8535/8565	1116/1117

Amex notes on Tuesday's market

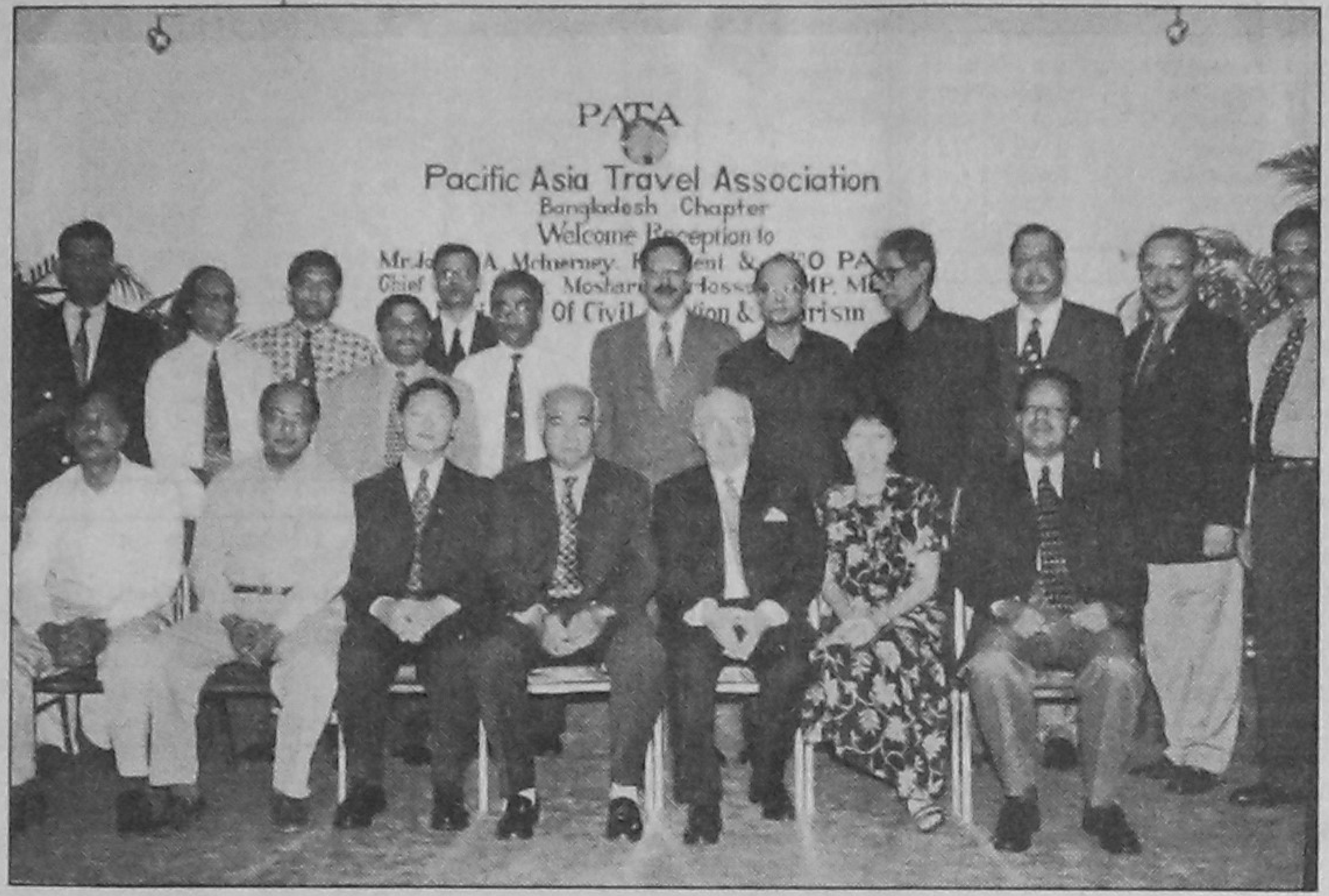
The USD/BDT market was active on Tuesday. Demand for US dollar was high with moderately high supply. Major market players are supplying USD into the market. As a result USD/BDT rate is gradually coming down. Average USD/BDT rate ranged between 51.20 and 51.2300. The call money market was very volatile. Government payments through nationalised banks are draining the liquidity out of the interbank market. Call rates opened at 11 per cent and shot up to as high as 12 per cent. Average call rates ranged between 11 and 11.50 per cent today.

The dollar was stuck in a tight band against the yen in late Tokyo trade on Tuesday after failing to make headway before key economic events later this week. The dollar hovered in a narrow range of 107.25 to 107.63 yen. The dollar slid to a low of 106.95 yen in late trade after speculative operators liquidated long positions built on vague talk that a Japanese life insurer was in financial difficulties. The dollar's decline was exacerbated as selling triggered stop-loss sales near 107.20 yen. But steady bids from Japanese banks, apparently dollar demand from Japanese investors supported the greenback.

The euro was slightly softer but sentiment remained firm on expectations that the European Central bank would raise key short-term interest rates on Thursday. The euro was at $0.9461/70 against $0.9477 on Monday.

Overall, the dollar was vulnerable to corrective sales following recent data, including benign US jobs figures last Friday, that pointed to a slowing US economy. Dollar gains were further capped by yen buying fuelled by expectations that Japan's gross domestic product data, due on Friday, would show signs of economic recovery. The Bank of England's Monetary Policy Committee kicks off its two-day meeting on Tuesday.

At around 1053 GMT the exchange rates of major currencies against USD were GBP/USD 1.5126/1.5135, USD/CHF 1.6623/1.6628, USD/JPY 106.91/106.96, EUR/USD 0.9460/0.9465.



Bangladesh Chapter of Pacific Asia Travel Association (PATA) and The Pan Pacific Sonargaon Hotel accorded a welcome reception to Joseph A McInerney, President and CEO of PATA, at the hotel in the city recently. Minister for Civil Aviation and Tourism Mosharraf Hossain was present as chief guest. — Sonargaon Hotel photo

Filipino inflation rises in May

MANILA, June 6: Price hikes in food, beverages and tobacco drove up the Philippine inflation rate in May to 4.1 per cent on year from 3.7 per cent in April, the National Statistics Office said Monday, reports AP.

Last month's inflation rate was the highest so far this year. But it was in line with the economists' forecast of 4.14 per cent and would likely enable the central bank to resist raising key overnight interest rates to preempt another rise in US rates.

Inflation in the first five months this year averaged 3.3 per cent, far below the government's forecast of 5 per cent to 6 per cent for the entire year.

"May's inflation rate will help justify steady central bank rates," said Luz Lorenzo, research head of ATR-Kim Eng Securities Inc.

Food, beverages and tobacco make up 51 per cent of the inflation index.

The Philippines Central Bank's overnight borrowing rate, its main tool in controlling domestic liquidity, stands at 10 per cent. The domestic rate was raised three times last month, from 8.75 per cent, before and after US interest rates were raised on May 16.

The overnight lending rate stands at 12.25 per cent.

Last week, central bank governor Rafael Buenaventura said a subdued inflation outlook for the year would enable the monetary authority to keep its overnight rates steady "as much as possible." Buenaventura had estimated the May inflation rate at around 4.2 per cent.

Buenaventura hasn't ruled out the possibility of raising overnight rates in reaction to another increase in US interest rates."

Kuwait plans first income tax, dearer utilities

KUWAIT, June 6: Kuwait yesterday told its citizens to prepare for the OPEC country's first income taxes and higher utility charges in order to reduce reliance on oil revenues in the country's finances, reports Reuters.

"Kuwait's financial standing is comforting but economic reforms are essential and some are going to be unpopular," said Finance Minister Sheikh Ahmad al-Abdullah al-Sabah.

The former banker was speaking to reporters after a closed-door parliament session which discussed Kuwait's financial standing, including the status of the country's foreign investments which are valued at over $80 billion.

In the 1999/2000 fiscal year to end-June, the oil exporter is expected to show a budget surplus of around one billion dinars ($3.3 billion) as Kuwaiti crudes have so far averaged over $22 a barrel, compared with a budgeted $10 a barrel.

The rare surplus, the first major gain since the 1991 Gulf War and Iraq's occupation devastated the Gulf Arab state, compares with a projected net deficit of 2.075 billion dinars in the 4.295 billion dinar budget for 1999/2000 July-June.

Sheikh Ahmad confirmed that his ministry had drafted an income tax law which has yet to be reviewed by specialised government panels before being sent to the cabinet for review.

The draft law, completed in November, then requires approval by the elected parliament.

The minister said that higher charges for basic services like water and electricity would also follow but would take into consideration low income Kuwaitis who are accustomed to a cradle-to-grave welfare system and generous state benefits.

Kuwait is also working on laws to bring down taxes on foreign firms, which can currently pay up to 55 per cent to attract foreign investments, and to introduce a tax on local firms.

But the minister stressed that actual percentages for the various planned taxes had still to be agreed, adding that the country's ruler, Emir Sheikh Jaber al-Ahmad al-Sabah, would also review the tough measures.

The steps will effectively raise the cost of living in Kuwait which is expected to report an inflation rate of slightly over three per cent in 1999, economists said earlier.

The minister also said that most measures, which by law require approval by parliament, would be gradual and phased.

Sheikh Ahmad told a parliamentary committee on Saturday that the state plans to increase non-oil income to fight a salaries "monster" which would create "large deficits" in coming years.

OECD urges Italy to tackle red tape

MILAN, June 6: Italy needs to accelerate reform of its lumbering pension system and tackle red tape or be condemned to playing endless catch-up with the rest of Europe, the West's economic thinktank said today, reports Reuters.

Italy's high debt level also requires careful attention and the government should take every opportunity to reduce it even faster than planned, the Organisation for Economic Co-operation and Development (OECD) said in a special report on Italy.

The Paris-based agency said Italy had made significant progress, helped by membership of the single currency which had led to historically low credit costs. The depreciation of the euro would also give a short-term boost to exports, it said.

Longer term growth potential has improved with added labour-market flexibility, with the privatisation and liberalisation of previously monopolised utility and transport sectors, and with the improvements in the functioning of the financial market," the OECD said.

Last week it forecast Italian gross domestic product growth would reach 2.9 per cent this year and 3.1 per cent in 2001.

"Nevertheless, the reform process is very much work in progress and needs to be taken further," the report said, highlighting the problems of a high tax burden and the so-called pension "timebomb" of Italy's ageing population.

The OECD noted that Italy's debt-to-GDP ratio was projected only to reach balance in 2003, while on current policies it would reach the Maastricht level of 60 per cent only in 2017. It said this was a minimum required pace of adjustment.

It warned that the high level of debt made Italy's deficit vulnerable to interest rate hikes, and moreover it said in the longer term deficit pressures would intensify as a result of entitlement programmes already in place, especially in pensions.

"Given these future pressures, any slippage from target should be avoided while revenue windfalls should be used primarily for faster debt reduction," the report said.

Shipping Intelligence

Chittagong Port

Berth position and performance of vessels as on 6.6.2000.

Berth No	Name of Vessels	Cargo	LPort Call	Local Agent	Date of Arrival	Leaving
J/1	Lady Hind	Wheat (P)	Gang	Angelic	5/5	8/6
J/2	Al Shams	C Clink	Pada	NWSL	4/6	12/6
J/3	Paulina	Sugar (G)	Sing	Fortune	16/5	6/6
J/4	Handy Humanity	Wheat (P)	Darb	Total	28/1	10/6
J/5	Larak	Sugar (G)	Bang	SBS	2/6	13/6
J/6	Arktis Crystal	GI (Copra)	Sing	Litmond	29/5	10/6
J/7	AA venture	GI (Log)	Yang	CLA	25/5	8/6
J/8	Jin Hong Hai	Wheat (P)	P Said	OWSL	7/5	16/6
J/9	Yong Jiang	GI	S Hai	BDShip	1/6	12/6
J/10	Osg Argosy	Cont	Col	Everest	26/5	6/6
J/11	Kota Singa	Cont	Sing	Pil (BD)	31/5	8/6
J/12	Petrina	Wheat (P)	Alba	MSA	22/5	12/6
J/13	Green Island	GI (Y Pe)	Sing	Royal	7/5	12/6
CCT/1	Tiger River	Cont	Sing	Nol	26/5	7/6
CCT/2	Xpress Makalu	Cont	Sing	RSL	27/5	7/6
CCT/3	Qc Teal	Cont	P Kel	QCSL	30/5	7/6
RM/14	Ocean Pride	Cement	Uzan	RSAL	12/5	9/6
RM/15	Ocean Prayer	C Clink	Pada	PSAL	12/5	7/6
CCJ	Allegro	C Clink	Krabi	RML	4/6	10/6
GSJ	Fortune Australia	Wheat (G)	Aust	SSST	29/5	9/6
RM/3	Rosa-T	CDSO	Loren	Sealift	25/5	7/6
RM/5	Undok-1	Cement	Sing	SBS	22/5	13/6
DOJ	Banglar Shouabh	C Oil	-	BSC	R/A	6/6
DD	Banglar Moni	Repair	-	BSC	R/A	10/6
DDJ/1	Banglar Shikha	Repair	Sing	BSC	17/4	12/6
CUFLJ	Mary Nour	Cement	Lank	BSL	29/5	10/6
Kafco (U)	Torm Pacific	Urea	Pena	Oil	26/5	-

Vessels due at outer anchorage

Name of Vessels	Date of Arrival	Last Port Call	Local Agent	Cargo	Loading Port
Shun An	7/6	Yang	RML	GI	-
Esco Virgo	8/6	-	Prog	GI (Copra)	-
Arabella (Cont) 28/5	7/6	P Kel	QCSL	Cont	Sing
Tug Sumatras	6/6	Sing	ARL	-	-
Banga Biraj	7/6	P Kel	BDShip	Cont	Sing
Areopolis	7/6	Tuba	MBL	C Clink	-
Banglar Doot	7/6	Pak	BSC	Rice	-
Apex	7/6	Hochi	Cindy	Rice	-
Kota Berjaya (Cont) 29/5	8/6	Sing	Pil (BD)	Cont	Sing
Vladi	8/6	Pusan	Sinoben	-	-
New Mariner	8/6	S Pore	Everett	Urea	-
Pu Cheng	9/6	-	Prog	GI (Maize)	-
Jutha Parichart (Cont) 24/5	10/6	S Pore	RSL	Cont	Sing
Banglar Robi	9/6	Sing	BSC	Cont	Sing
Ava	9/6	Yang	MTA	Maize	-
QC Pintail (Cont) 24/5	10/6	S Pore	QCSL	Cont	Sing
Egasco Fortune	11/6	Const	BSL	GI	-
Orient Independence (Cont) 31/5	10/6	P Kel	BDShip	Cont	Sing
Jaami	10/6	Sing	Cross	Cont	Sing
B Birol (Cont) 31/5	11/6	P Kel	BDShip	Cont	Sing
Kapitan Petro Voivoda	12/6	Col	BBA	GI	-
Banga Bijoy	13/6	-	BDShip	Cont	-
Sin Hai	13/6	-	RSL	Cont	Sing
Kota Cahaya	15/6	Sing	Pil (BD)	Cont	Sing
Actuaria	15/6	-	QCSL	Cont	Sing
Da Fa	17/6	Sing	RSL	Cont	Sing
Asian Leader	22/6	-	JF	Vehi	-

Name of Vessels	Cargo	Last Port Call	Local Agent	Date of Arrival
Vessels at Kutubdia				
Energy Exdplorer-IV	-	-	BBAL	5/4
Ismaya	-	-	BBAL	17/8
Barge: CSK-6	-	-	BBAL	R/A (28/11)
Tug Magarita	-	-	BBAL	R/A (28/11)
Dea Champion, Dea Conqueror	-	-	Arafeen	R/A (2/6)
Seabulk Command	-	-	IBS	R/A (29/4)
Spiros	C Oil	Jebe	BSL	2/6
Banglar Jyoti	C Oil	-	BSC	R/A (5/6)
Siamivorv	R Phos	Jiang	ASA	5/6
Vessels not Entering				
Accord	Cement	Sing	Viking	5/4
Sonali	-	-	OWSL	5/3
Delos-1	Cement	T Prk	PSAL	26/5
Banglar Urmi	Wheat (G)	-	BSC	R/A (28/5)
Norbulk Pine	C Clink	Kaus	Seacom	31/5
Tanko	Scraping	Fuja	ARL	29/5
Bquator	Scraping	Uae	OTBL	31/5
Romina-G	Scraping	Kdia	OTBL	4/6
Revenge	-	-	Sunshine	R/A (9/1)
Karya Sentosa	Rice (G)	-	USTC	R/A (18/9)

The above are shipping position and performance of vessels of Chittagong Port as per berthing sheet of **CPA** supplied by **HRC Group,** Dhaka.