

# Pressure mounts on US Senate for quick China vote

*Delay seen putting bill in trouble*

WASHINGTON, June 17: As the White House stepped up pressure on Republican Senate leaders to schedule a quick vote on a landmark China trade bill, the leading Senate Democrat said on Friday that delay could put it in trouble, reports Reuters.

Senate Democratic Leader Thomas Daschle of South Dakota told reporters he was worried that delaying a Senate vote on the bill, which would grant China permanent normal trade relations (PNTR) status, could "clearly" endanger its passage.

The White House had hoped for fast Senate action after the bill passed the House of Representatives in May by a comfortable margin despite a bruising battle that divided Democrats and pitted labour unions against international corporations.

But Senate Majority Leader Trent Lott, a Mississippi Republican, has refused to schedule a vote, saying lawmakers

first had to complete key spending measures. The delay means the bill, which President Bill Clinton has said is a top legislative priority in his final year, may not go before the full Senate before the end of the month when lawmakers are scheduled to recess for the July 4th holiday.

The measure is expected to win easy passage in the Senate, but Daschle said some Republicans have suggested the vote could be put off until September, which would bring the politically sensitive issue much closer to the November presidential and congressional elections.

"We have fewer than 35 legislative days remaining in this Congress," Daschle told reporters. "I think that it would be devastating if we lost PNTR just because we've run out of time. But that is very possible, especially if we wait until September."

He expressed concern that some Republicans may be trying

to play election-year politics because the issue bitterly divides Democrats.

"It is no secret that this is not an easy issue for a lot of Democrats," Daschle said. "This is divisive. A big part of our base is very concerned about the implications of PNTR. Clearly the longer this hangs out there the more problematic it is."

Labour unions, a key Democratic support group, bitterly oppose the trade bill, which would end the annual ritual of reviewing China's trade status.

Granting the normal trade relations status, which allows China to enter the country at the same low tariffs placed on goods from nearly every other country, was part of a landmark trade agreement clearing the way for China to enter the World Trade Organisation.

US Trade Representative Charlene Barshefsky, who negotiated the sweeping trade deal that would help open China's vast market potential to US firms, also ratcheted up the

pressure on Friday for a quick Senate vote.

"Delay in this is counterproductive and potentially very dangerous and could put in jeopardy the gains achieved in the House of Representatives. That would be entirely irresponsible," Barshefsky told reporters on Friday following a speech to a business group.

"Delay ... always leaves room for mischief and is counterproductive," she added.

But some supporters of the China trade bill have all — but given up hope of a Senate vote before Congress' July 4 recess.

Montana Democratic Sen. Max Baucus, a member of the Senate Finance Committee, plans to meet with Lott next week to seek a commitment for a vote by the end of July, his spokesman Mike Siegel said.

Clinton on Thursday made the case for moving swiftly to a Senate vote at a meeting of the Business Roundtable, a group of top corporate executives.

**China's exports to Asia rise by 38.8pc**

BEIJING, June 17: China's exports to its Asian neighbours grew 38.8 per cent year-on-year to \$49.05 billion in the first five months of this year, according to customs figures released today, reports Reuters.

Xinhua news agency quoted the General Administration of Customs as saying exports to North America rose 29.9 per cent year-on-year to \$20.1 billion, while those to Europe grew 38.5 per cent to \$17.23 billion.

The breakdown follows the release on Thursday of Foreign Trade Ministry data showing exports shot up 36.8 per cent year-on-year to \$92.28 billion in January to May, continuing a surge from a low 1999 base imports of \$81.82 billion.

The trade surplus for the five-month period was \$10.46 billion, an increase of 47.9 per cent over the \$7.07 billion surplus China reported in the same months of 1999.

Customs figures showed that exports by state-owned enterprises rose 34.9 per cent to \$44.8 billion, with state sector exports accounting for 48.5 per cent of the January-May total value of exports.

Exports by foreign-invested firms rose 34.7 per cent to \$42.9 billion and accounted for 46.5 per cent of all January-May exports, the data showed.

Exports by collectively owned and private firms rose 91.6 per cent to \$4.58 billion and accounted for five per cent of exports, Xinhua said.

The value of exports of machinery and electronic products, one of the mainstays of China's overseas sales, rose 40.5 per cent to \$37.8 billion, according to custom data.

According to a Reuters poll of 10 research houses issued on Friday, China's trade surplus is likely to be around \$27.4 billion in 2000 and \$25.1 billion in 2001.

**Indonesia to start massive rice growing project**

JAKARTA, June 17: The Indonesian government is planning to embark on a massive project to maintain the country's rice output, opening up some two million hectares (49 million acres) of new paddy fields, the state Antara news agency said today, reports AFP.

The expansion of paddy fields is an urgent programme, the agency quoted Director General of Agricultural Facility and Infrastructure Ato Suprapto as saying on Friday.

Suprapto said the project would be started outside over-crowded Java Island next year in the provinces of West Kalimantan (Borneo), South Sumatra, Jambi, Riau and Bengkulu.

The agriculture ministry would cooperate with the ministry of housing and regional development and the office of the state minister of transmigration with funding assistance sought from the World Bank and donor countries, he said.

Suprapto quoted a Central Bureau of Statistics (BPS) report as saying the amount of land devoted to rice paddies on Java Island had shrunk by one million hectares between 1983 to 1993.

"If the domestic rice production is not enough to meet the people's demand for the food stuff, we will likely become the world's biggest rice importer," he said.

Antara said per capita rice consumption in Indonesia, which has a population of some 210 million people, was currently at 139 kilograms (306 pounds) annually.

The country's unhusked rice production reached 50.6 million tonnes in 1999, close to the government target of 52 million tonnes, leaving a shortfall of some 1.3 million tonnes.

## Thailand shows continued signs of recovery

**IMF rescue programme ends tomorrow**

BANGKOK, June 17: With an International Monetary Fund rescue programme scheduled to end on Monday, Thailand shows continued signs of an export-fuelled recovery from its greatest economic crisis in modern times, analysts say, reports AP.

Economic growth figures for the first quarter of 2000, to be released Monday, should show a continuing positive trend despite a slight slowdown in the manufacturing sector, regional economists said prior to the release. Unemployment is also easing.

The economists forecast gross domestic product growth in the January-March quarter at 5.2 per cent. Their forecast for GDP growth for all of 2000 was 4.98 per cent, compared with the government's target of 4.5 per cent.

The full-year projection by several analysts interviewed was in line with the IMF's projection of 4.5-5.0 per cent.

An IMF team has just completed its final review of the Thai economy under the 34-month, \$14 billion rescue programme.

Thailand's economy had begun to recover in the first quar-

ter of last year from a crisis which sent the country reeling downwards in mid-1997 and spread to other Asian nations. The IMF stepped in to provide a cash injection and advice on needed reforms.

Thailand's export performance in the first quarter has generated higher trade and current account surpluses, offsetting higher capital outflows and providing a boost to the economy. Citigroup economist Aunsoorn Tamajai said. Exports were up 30.4 per cent over the first quarter of last year, according to the Bank of Thailand.

Growth in manufacturing, however, has been limited to export-related sectors, while others are still struggling with domestic oversupply and sluggish consumption, economists said.

ABN Amro's Kevin Ng said exceptional circumstances in the energy and food and beverage sectors were a drag on production growth.

Liquor distilleries were running down stockpiles produced during the fourth quarter of last year, prior to the end of state concessions and liberalisation of the sector. And production of

oil refineries dropped due to closures for repairs and maintenance.

Standard & Poor economist David Cohen said slower growth in manufacturing would mean moderate quarter-on-quarter growth and group Thailand with Indonesia and the Philippines, where a moderate pace of economic recovery continues, but where growth is not as robust as in South Korea, Malaysia, Singapore and Taiwan.

Economists said domestic consumption was picking up, but the pace of recovery was restrained by the still high level of non-performing bank loans, which account for more than one-third of total lending.

"We see a gradual decline in non-performing loans, but it's very slow," Ng said.

Sectors saddled with over-supplies, relatively weak domestic demand and companies mired in debts are also restraining investment, and will continue to do so for some time, economists said.

The government projects that unemployment should drop to 3.2 per cent at year's end, from 4.2 per cent at the end of 1999.

### Metal: Weekly Roundup

## Gold goes up in volatile trade, silver static

LONDON, June 17: Gold prices strengthened in volatile trading as economic data suggested a slowing of the US economy and weakened the dollar, reports AFP.

On Tuesday, gold climbed to its highest level since February as investors turned to the traditional safe haven after the US dollar fell.

The spot price on the London Bullion Market weakened later in the week to 290.30 dollars an ounce, but remained well above the 285.15 dollars seen the previous week.

Analysts said that the price rise was a consequence of dollar weakness. The dollar was pushed lower against major currencies after the publication of benign retail sales data, which suggested the US Federal Reserve might leave interest rates where they were for the time being.

Analysts said the price rise had nothing to do with an announcement that Toronto-based Franco-Nevada Mining Corporation and Johannes-

burg-based Gold Fields Limited are to merge to form one of the world's largest and strongest gold companies.

Prices have not been this high since February when gold rose to more than 320 dollars an ounce, after the second-biggest Canadian producer Placer Dome said it would suspend hedging activities for an unspecified period.

Since then prices have been progressively eroded, notably by announcements concerning central bank auctions of their gold reserves.

Prices also gained from predictions that the US Federal Reserve Bank will refrain from a near-term interest rate rise, given subdued inflationary pressures in the United States.

Three-month nickel prices on the London Metal Exchange were unchanged at 8,240 dollars a tonne.

Three-month copper rose to 1,788 dollars a tonne from 1,742.5 dollars.

Aluminium rose to 1,569 dollars a tonne from 1,202 dollars a tonne.

Zinc rose to 1,142.5 dollars a tonne from 1,119 dollars.

Lead remained unchanged at 439 dollars a tonne.

Tin rose to 5,455 dollars a tonne from 5,385 dollars.

## US warns Hanoi its economy could be 'left behind'

WASHINGTON, June 17: The United States warned Vietnam yesterday that its economy would be "left behind" if Hanoi did not quickly complete a pact tearing down trade barriers erected by its communist rulers, says Reuters.

Washington and Hanoi reached an agreement in principle on the trade pact in July 1999 after three years of negotiations.

But Vietnam subsequently backed away from the deal, which would reduce tariffs on goods and services, protect intellectual property rights and improve investment relations between the two countries, combatants in the Vietnam War which ended in 1975.

Analysts believe communist Vietnam backed away from the July pact because it feared the loss of economic control that would come with market opening. The delay darkened the mood among foreign investors, fed up with Vietnam's closed economy.

Khoan had "informally" accepted US Trade Representative Charlene Barshefsky's invitation for a meeting in Washington.

"Particularly now that China has moved forward in its commitments on market reform, if Vietnam does not move, it will be left behind," Barshefsky told reporters after attending a business conference.

"There's absolutely no reason for an investor looking at the region to turn toward Vietnam if it does not open up its economy — in place of China."

Analysts believe communist Vietnam backed away from the July pact because it feared the loss of economic control that would come with market opening. The delay darkened the mood among foreign investors, fed up with Vietnam's closed economy.



Biman organised a familiarisation trip for the top 20 travel agents picked up on productivity basis for the year 1998-99. Picture shows one of the groups at Zia International Airport prior to their departure for Bangkok.

—Biman photo

HK for better monitoring of capital flows

WASHINGTON, June 17: Hong Kong's economic supremo Donald Tsang made an impassioned plea for better global monitoring of capital flows, warning that failure to act could spark a new financial crisis, reports AFP.

Tsang said the lesson of Asia's financial contagion, which devastated the region after erupting in 1997, was that lightening quick flows of huge sums of money could pitch even healthy economies into crisis.

"Have we done anything about capital flows — zilch!" he said, during a visit to North America to highlight Hong Kong's emergence from the doldrums.

The increasing interdependence of global economies meant that no crisis could be contained, and it was in every nation's interest to share information, he said.

Touting Hong Kong's credentials as "the freest economy in the world," Tsang told a forum at the New America Foundation think-tank that capital flows were not an enemy, but lack of information on speculative activities of banks and hedge funds was.

**Philippine bad loan ratio rises to 14pc**

MANILA, June 17: Non-performing loans in the Philippine banking sector rose to 14.46 per cent of total outstanding loans in April, their highest level in six months, according to data released Wednesday by the central bank, reports AP.

The bad-loan ratio was 14.06 per cent in March.

The relatively high level of bad loans shows that banks remain reluctant lenders and, as one economist termed it, the economy has not really taken off since the Asian financial crisis.

The non-performing loans of the Philippines' 52 commercial banks totalled 217.8 billion pesos (\$5.2 billion) in April. The commercial banking sector's total outstanding loans for the month were 1.5 trillion pesos (\$35.7 billion).

Economists said the rise in April's bad-loan ratio wasn't a surprise after several ailing high-profile companies were recently granted relief from debt payments by the Securities and Exchange Commission.

These include retailer United Holdings Inc, partly state-owned National Steel Corp, and sugar refiner Victorias, Milling Inc.

While the Philippines has one of the lowest levels of non-performing loans in Southeast Asia, the country's bad-loan ratio is expected to remain elevated.

"Generally in Asia, non-performing loans have been taking long to resolve," said Tzu Ping Tan, economist with Morgan Guaranty Trust in Singapore.



## BTMC Tender Notice for Sell of Industrial Plot at Tongi, Gazipur

Sealed tenders are hereby invited by the Chief Engineer (Incharge) BTMC, BTMC Bhaban, 7-9, Kawran Bazar C/A, Dhaka from the interested persons/organisation/citizen of Bangladesh staying abroad for selling of industrial plot of different sizes with a view to selling up backward linkage industries in Textile sector on the excess land of Satrang Textile Mills & Meghna Textile Mills at Tongi Industrial Area, Gazipur including the existing structure on the plot as it is where it is basis.

Tender documents may be purchased from the office of the Chief Accountant, BTMC Bhaban, 7-9, Kawran Bazar, Dhaka, BTMC Shipping Office, 79, Agrabad, Chittagong & Meghna Textile Mills Office on cash payment of Tk 750/- (non-refundable) per set up to 11-07-2000 on all working days during office hours up to 4-00 pm. Tender will be received by the above office of the Chief Engineer, BTMC, BTMC Bhaban (2nd floor), BTMC Shipping Office, 79, Agrabad, Chittagong & in the reception room adjacent to the Gate No 1 & 3 of Bangladesh Secretariat, Dhaka on 12-07-2000 up to 11-00 AM & will be opened in each & every place at 12-00 noon in presence of the bidder (if any) except in the Gate No 1 & 3 of Bangladesh Secretariat which will be opened in office of the Chief Engineer, BTMC, 7-9, Kawran Bazar, Dhaka at 12-00 noon.

2.5% security deposit of the quoted value must be submitted with the tender in the form of Bank Draft/PO in favour of BTMC from any schedule bank of Bangladesh. In case of the citizens of Bangladesh staying abroad will submit 2.5% security money in the form of Bank Draft in foreign currency along with the original bank receipt with the tender. Representative of the foreign citizen may submit tender on behalf of the citizen of Bangladesh staying abroad. Tender without earnest money will be summarily rejected.

The authority reserves the right to accept or reject any or all tender without assigning any reason thereof.