

# OECD mulls five-point plan for global growth

Two-day meet begins today

AFP, Paris

OECD finance, trade and employment ministers or their representatives will be asked to back five recommendations to enhance world growth prospects at a two-day meeting due to open here on Wednesday.

Part of the emphasis will be on free international trade, competition, efficient financial markets and venture capital.

Although some of those issues have sparked violent anti-globalisation protests at international conferences and summits, the Organisation for Economic Cooperation and Development expressed no specific concerns for security.

But it has scheduled a conference forum on sustainable development and the new economy, bringing together corporate executives, central bankers, public officials and representatives of pressure groups.

The five main proposals are contained in a report "The new economy: beyond the hype", an OECD analysis of differences in countries' growth performances and factors which could enhance long-term growth prospects.

The report gives governments policy recommendations aimed at boosting growth, said Martine Durand, deputy head of the OECD secretary general's private office.

They are: facilitating the diffusion of information and communications technology (ICT), fostering innovation, investment in human capital, stimulating the creation of businesses, and

ICT developments are important but do not alone explain differences in growth patterns, the OECD said.

ICT is not the only factor explaining growth disparities and policies to bolster these technologies will not on their own steer countries on to a higher growth path," it said.

As with any new technology, the boom in ICT over the past decade was accompanied by some hype. The current slowdown in the United States has instilled realism to the debate, and put an end to some exuberant economic behaviour."

The OECD also said that development of a broad venture capital culture is important to foster innovation. Japan and

Europe lag far behind the United States in the development of venture capital activity, it noted.

And getting the economic fundamentals right is an important part of the growth strategy, even if this seems to have an "old economy flavour", said Durand.

The report noted that Australia, Ireland and the Netherlands saw a marked acceleration in per capita GDP (gross domestic product) growth in the 1990s, while US growth also accelerated after 1995.

It slowed in Japan and much of Europe however.

These patterns can be explained by differences in investment in new capital, particularly in ICT, increased use of labour, rising quality of labour and greater efficiency in how labour and capital are combined, the report said.

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OECD secretary general Donald Johnston said a key issue was how to bridge the gap between those who wanted a relatively modest negotiating agenda and those who wanted to broaden the agenda to include issues such as investment, environment, competition and social questions.

The ECB has since eased rates by 25 basis points, and the Fed's Open Market Committee was to gather on Tuesday under chairman Alan Greenspan.

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HEC will hold a shareholder meeting on Friday to approve a capital write-down in return for the package, which includes 1.4 trillion won in a debt-for-equity swap and 1.5 trillion won in rights and convertible bond issues.

HEC recorded a 2.9 trillion won net loss last year.

## Hyundai engineering sees profit jump

AFP, Seoul

Troubled Hyundai Engineering and Construction Co (HEC) said Tuesday net profits nearly quadrupled in the first quarter, although the result mainly reflected financial help from the group's founder.

South Korea's largest civil engineering firm said first quarter net profit rose to 45.9 billion won (35.4 million dollars) from 12.3 billion won a year earlier.

HEC said the profit reflected 74 billion won of special gains from a 15.7 per cent stake held by the group patriarch Chung Ju-Yung, who died in March.

In the first quarter, the company recorded recurring losses of 25.4 billion won due to 128.9 billion won in interest costs and 24.5 billion won in foreign exchange losses. Sales also dropped from 1.86 trillion won to 1.65 trillion won.

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## Global woes, weak domestic demand hit Indian industry

REUTERS, Bombay

A slowing global economy and sluggish domestic demand offer Indian industry little hope of improvement in 2001/02 from what was a disappointing year.

Depressed consumer sentiment, a need for infrastructure spending, expected slower exports, increased import competition, political uncertainty and drought have all taken their toll on business, and government steps to ease the burden are expected to take some time to filter through the economy.

Economists forecast a second straight year of slowing growth for industry. Estimates for the 2001/02 (April-March) fiscal year average 3.5-4.5 per cent, down from 4.9 per cent last year and 6.7 per cent in 1999/2000.

"Industry is caught in a very difficult recessionary situation and the factors that have contributed to this do not seem to be disappearing in the near future," said TK Bhowmick, economist with the Delhi-based Confederation of Indian Industry.

"Our liquidity problem will be the manufacturing sector, which contributes 80 per cent of industrial output but is now reeling from a vicious combination of excess capacities, low capital investment, and the uncertainties of demand, analysts said.

Consumer sentiment is depressed and not without reason. Successive years of poor farm output in India's billion-strong agriculture-driven economy, lower incomes and job insecurity as a result of the global services sector slowdown and volatile share mar-

kets have taken their toll.

Adding to its woes, the manufacturing sector is dealing not just with consumers shy of spending and poor infrastructure, but also an onslaught of cheaper foreign goods after India opened the doors to imports in most sectors in April.

In the past year, data shows the power and telecommunications sectors slowed, automobile sales dropped and both the railways and ports handled less traffic and cargo.

Exports were buoyant with 20 per cent growth last year, but they could slacken as the slump in global demand hits with a lag.

Bucking the trend are sectors like construction and mining, which in recent months have shown sharply higher growth, and this could in turn set off some demand for consumer goods.

This year's monsoon season remains the wild card. Analysts are hopeful that India will not face a third straight patchy monsoon for the first time in nearly three decades.

But parts of the western state of Rajasthan and earthquake-ravaged Gujarat are already reporting drought-like conditions.

Analysts say if the government is serious about getting industry back on the growth track, it should spend on core areas, such as infrastructure, and encourage demand across the economy.

But faced with a ambitious deficit target of 4.7 per cent of GDP, and a history of overshooting the target, the government has been cutting down on its spending on such vital areas.

## CURRENCY

American Express Bank Ltd foreign exchange rates (indicative) against Taka to clients.					
Currency	Selling TT & OD	Selling BC	Buying TT	Buying OD	Buying OD
US Dollar	54.3000	54.3300	53.8500	53.6970	53.6250
Pound Sig	77.2255	77.2681	76.0308	75.8148	75.7131
Deutsche Mark	24.6731	24.6867	23.6289	23.5617	23.5302
Swiss Franc	31.1800	31.1972	30.5532	30.4664	30.4255
Japanese Yen	0.4445	0.4448	0.4334	0.4322	0.4316
Dutch Guilder	21.8978	21.9099	20.9710	20.9114	20.8834
Danish Krona	6.3967	6.4003	6.2659	6.2481	6.2397
Australian \$	28.6487	28.6645	27.3073	27.2297	27.1932
Belgian Franc	1.1962	1.1969	1.1456	1.1424	1.1408
Canadian \$	35.3102	35.3297	34.3256	34.2281	34.1822
French Franc	7.3566	7.3607	7.0453	7.0253	7.0159
Hong Kong \$	6.9758	6.9797	6.8906	6.8710	6.8618
Italian Lira	0.0249	0.0249	0.0239	0.0238	0.0238
Singapore \$	30.1969	30.2135	29.2790	29.1958	29.1567
Euro	48.2564	48.2831	46.2141	46.0828	46.0210
Saudi Rial	14.5195	14.5275	14.3195	14.2788	14.2597

### Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
53.7512	53.3665	52.9181	52.4696	52.0212	51.1243

US dollar London Interbank Offered Rate (LIBOR)					
TC Buying (USD)	TC Selling (USD)	Currency	1 Month	3 Months	6 Months
53.6250	54.4000	USD	4.15125	4.12125	4.14000
Cash	Cash	GBP	5.29031	5.23250	5.21288
Buying (USD)	Selling (USD)				
53.8000	54.8000	Euro	4.59063	4.56750	4.49250

### Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
47.0251	61.55/	45.49/	3.7995/	11435/	1303.2/
47.040	61.60	45.54	3.8005	11460	1303.7

### Amex rates on Tuesday's market

There was high demand for US Dollar in the inter-bank USD/BDT market today. The average call rate rose and ranged between 10 and 11 per cent today.

The dollar was steady today pinned near recent two-week peaks against the yen and one-month highs against the Euro, ahead of the US Federal Reserve's policy-setting meeting later in the day. The dollar has gained more than two per cent against the yen and the euro in over a week, underpinned by expectations the Fed would ease monetary policy again to foster U.S. economic recovery, which in turn would bolster U.S. equities. The Swiss franc crept higher in subdued trading today before the U.S. Federal Reserve's policy-setting meeting. Sterling was little more than half a cent above the five-month lows set against the dollar last week, as attention focused on the Federal Reserve's policy meeting.

At around 0833 GMT the exchange rates of major currencies against USD were GBP/USD 1.4187/1.4189, USD/CHF 1.7496/1.7506, USD/JPY 123.25/123.30, EUR/USD 0.8752/0.8757.

## SHIPPING

### Chittagong port

Berth position and performance of vessels as on 15.5.2001

Berth No	Name of vessels	Cargo	L port call	Local agent	Date of arrival	Leaving
J/2	Huang Yun	GI(S Scraping)	Kara	Jaycee	17/4	15/5
J/3	Ocean Blue (Roro/24)	Vehi				