

ADB chief calls for gradual forex reform in China, other economies

AFP, Tokyo

Asian Development Bank president Haruhiko Kuroda said Tuesday an easing of rigid currency regimes in China and other emerging economies should be gradual to avoid any drag on regional and global growth.

The ADB chief also said in a speech that political rows between the two Asian powers -- Japan and China -- should not deter the progress of an economic integration of the region.

"An exchange rate adjustment should be made sooner rather than later, the pace of the adjustment should be gradual and it is up to the decision by the Chinese government," Kuroda told reporters and corporate executives.

Kuroda stressed that emerging economies have fragile financial systems and thus government controls on the flow of funds should be maintained to cushion the shock of making exchange rates more flexible.

"Relaxing capital control should come after the revaluation of the renminbi, not before or at the same time," Kuroda told AFP later.

"There is an argument that you can first liberalize outflows of funds alone but inflows and outflows are

delicately linked and that would be risky."

Beijing has been under pressure from Washington to ease the peg of the yuan, or renminbi, to the dollar, which it says is helping Chinese exports and fueling a ballooning US trade deficit.

China's economic health is too important to falter for sustainable growth of the regional and global economies, said Kuroda.

"Some kind of sequencing of capital account liberalization is necessary to avoid a currency or capital account crisis."

He said highly intertwined trade and investment between Japan and China should help the region integrate its economy despite bilateral political rows while countries elsewhere in the region had also made great progress in economic cooperation and integration.

"Rapprochement between China and Japan is needed for further deeper, stronger economic integration," he said.

However, economic ties have been dogged by other issues. Tokyo and Beijing have been locked in disputes over how Japan teaches its wartime aggression in history textbooks.

Also at issue is Prime Minister

Junichiro Koizumi's insistence on visiting the Yasukuni shrine that honors 2.5 million Japanese war dead including 14 top war criminals, despite mounting opposition from other Asian countries.

"Political leadership and will is important but that does not mean until rapprochement is achieved, no economic integration can be made," Kuroda said.

"Unlike Europe, Latin America or North America, the region lacks a coherent and comprehensive strategy for intensifying its efforts toward integration."

However, C. H. Kwan, senior fellow at Nomura Institute of Capital Markets Research warned that while the current political rows would not derail a long-term regional integration, it is still a damper in the short term.

"For Japanese firms, the country risk of investing in China has increased," Kwan said. "They can find alternative production bases in other Asian countries but cannot find an alternative big market."

Kwan stressed the Japanese and Chinese economies account for 80 percent of the regional gross domestic product. "They have to work close together as an axis towards integration."

Ex-Daewoo tycoon ends exile, returns to face fraud charges

AFP, Seoul

The former head of South Korea's Daewoo Group, which collapsed in 1999 in one of the biggest corporate scandals in history, returned home Tuesday after six years on the run to face fraud and embezzlement charges.

Kim Woo-Choong, 68, gave himself up to prosecutors at Incheon Airport west of Seoul after arriving on a flight from Hanoi.

He was detained and questioned about his role in the 80 billion-dollar bankruptcy which even now dwarfs more recent corporate collapses at US giants WorldCom and Enron.

Kim, who disappeared abroad when Daewoo disintegrated, issued a statement of apology on his arrival.

"I lower my head deeply down and apologize for having caused troubles to people over the Daewoo Group problem," Kim said.

"I will take whatever responsibility I am supposed to take over the Daewoo Group incident. I feel deeply sorry."

Protesters outside the airport demanded that Kim face justice, shouting: "Prosecute Kim Woo-Choong! No amnesty! Hold parliamentary hearings!"

Oil prices retreat on eve of Opec meeting

AFP, Singapore

World oil prices cooled on Tuesday, the day before a production meeting of the Organisation of Petroleum Exporting Countries (Opec).

New York's main contract, light sweet crude for delivery in July, lost 53 cents to 55.09 dollars per barrel in electronic deals.

In London, the price of Brent North Sea crude oil for delivery in July shed 68 cents to 54.10 dollars per barrel.

The retreat in prices on Tuesday "might be in a little bit of reaction to perhaps the massive increases yesterday", said Veronica Smart, analyst with the Energy Information Centre.



PHOTO: UNITREND

Masih-ul-Karim, managing director of Berger Paints Bangladesh Ltd, inaugurates a new Berger Colour Bank outlet on Dewan Bari Road in Rangpur recently. Rupali Chowdhury, director (Operations), and Tariquzzaman, general sales manager of Berger, among others, were present at the function.



PHOTO: JANATA BANK

SM Aminur Rahman, managing director of Janata Bank, speaks at the branch managers' conference of Tangail region recently in Tangail. AKM Rashiduzzaman, general manager of divisional office, among others, was present.

CURRENCY

Following is Tuesday's (June 14, 2005) forex trading statement by Standard Chartered Bank						
Sell		Buy				
TT/OD	BC	Currency	TT Clean	OD Sight Doc	OD Transfer	
64.6200	64.6500	USD	63.5900	63.5688	63.5264	
79.2629	79.2997	EUR	76.1872	76.1618	76.1110	
117.4856	117.5402	GBP	113.9914	113.9534	113.8774	
50.1774	50.2007	AUD	47.8197	47.8037	47.7719	
0.5987	0.5989	JPY	0.5770	0.5768	0.5764	
51.4654	51.4893	CHF	49.6022	49.5857	49.5526	
8.7755	8.7796	SEK	7.8900	7.8873	7.8821	
51.9579	51.9820	CAD	50.1815	50.1648	50.1313	
8.3289	8.3328	HKD	8.1594	8.1566	8.1512	
38.9770	38.9951	SGD	37.5716	37.5591	37.5341	
17.7376	17.7459	AED	17.1740	17.1682	17.1568	
17.3681	17.3772	SAR	16.8228	16.8171	16.8059	
10.9698	10.9749	DKK	9.9587	9.9553	9.9487	
217.7508	217.8542	KWD	216.9373	216.8673	216.7273	
Exchange rates of some currencies against US dollar						
Indian rupee	Pak rupee	Lankan rupee	Thai baht	Nor kroner	NZ dollar	Malaysian ringgit
43.55	59.65	99.975	40.915	6.4962	0.7574	3.80
Local Interbank FX Trading						
Local interbank FX market was active on Tuesday. Dollar ended almost unchanged against Bangladeshi taka.						
Local Money Market						
Money market was active. Call money rate remained steady and ranged between 5 and 12 per cent.						
International Market						
Euro struggled to rebound from Monday's 9-month low against the dollar on Tuesday as investors waited for US inflation and retail sales data for more clues on the Federal Reserve's interest rate moves.						



PHOTO: SHAHJALAL ISLAMI BANK

A six-day foundation course for the newly appointed officers of Shahjalal Islami Bank Ltd began Saturday in Dhaka. Managing Director of the bank M Kamaluddin Chowdhury inaugurated the training session as chief guest while Md Sadar Ali, principal of the bank's training institute, was also present.

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