India plans to issue work permits to illegal aliens

By Mahesh Uniyal

NEW DELHI, July 25: In what is seen as a significant change in stance, India's Bharatiya Janata Party (BJP)-led government plans to issue work permits to millions of illegal aliens in India, most of them said to be from Bangladesh.

Home Minister L.K. Advani has told Parliament that "red cards" would be issued to people living illegally in the country which would entitle them to take up jobs. This is part of an ambitious citizen identification scheme. Like the "green card" to be given to Indian citizens, the red card would list the name and place of birth of the alien, besides carrying his/her finger print, signature and a personal identity number.

"The deportation of such immigrants is not a wholly practicable idea," Advani reportedly told the panel of lawmakers attached to his ministry. According to the minister, there are an estimated 12 million illegal immigrants in the country living in the eastern and northeastern states of West Bengal, Assam, Meghalaya, the eastern coastal state of Orissa and the western state of Maharashtra.

The scheme has been approved by the Parliament Consultative Committee of the Home Ministry and the government would have to enact legislation to amend citizenship and foreigner registration laws to implement the scheme.

An estimated Rs 26.14 billion (about $653 million) is expected to be spent on issuing the identity cards. The citizenship and alien cards would supplement the voter identity cards issued to Indians of 18 years of age and above.

The decision is seen as meant to end a prolonged political controversy which has given a handle to the BJP's foes to accuse the party of being anti-Muslim. The BJP has long demanded the deportation of the illegal Bangladeshi immigrants whom party leaders have in the past described as "infiltrators" and charged that they were altering the demographic profile in some border states.

In a media interview last month, where he first put forth the government's conciliatory gesture, Advani said the illegal migrants must be considered as "economic refugees."

Dhaka has consistently denied any illegal border crossing by Bangladeshis. Sources in the Bangladesh High Commission here pointed out that there was no evidence to establish the actual citizenship of the so-called illegal migrants. "So long as their identity is not officially established, how can they be said to be Bangladeshis," the sources told India Abroad News Service.

They pointed out that in many cases these were people who were living in the border villages of West Bengal.

New Delhi has, however, maintained that Bangladeshis take advantage of the porous border to enter India in search of jobs. India is building a fence along sections of its northeastern and eastern border with Myanmar and Bangladesh. Nearly 800 km of fencing had been built till March this year, the parliamentary panel was told by senior Home Ministry officials.

The issue came up in India's upper house of Parliament yesterday where a Communist Party member complained that Bengali-speaking Muslims in Mumbai, the Maharashtra state capital, were being ordered to pack up and leave on the charge of being illegal migrants. The MP alleged that many of these even had official identification in the form of voter and food ration cards. Maharashtra is ruled by the BJP and its radical pro-Hindu ally the Shiv Sena.

Newspapers reported from Howrah that a mob freed eight so-called Bangladeshis from a Maharashtra police team which was escorting them in a train to West Bengal for being sent back to Bangladesh.

The controversy over Bangladeshis living illegally in India was given a new twist when a top border police official in West Bengal in a recent media interview claimed that every 15th person in the state was an illegal migrant from Bangladesh.

"There is no actual estimate, but we can assume from the figures available with us that it will be over one crore (ten million) of which 50 per cent are in West Bengal," Border Security Force (BSF) Inspector-General R.N. Bhattacharya told 'The Week' newsmagazine. Most of these infiltrators generally settled in the bordering towns and villages in India, he claimed.

— *India Abroad News Service*

Asia hopes Obuchi will help salvage troubled economies

TOKYO, July 25: Asian leaders welcomed Japanese Foreign Minister Keizo Obuchi's triumph in the race for ruling party president Friday, hoping his international expertise would translate into more Japanese help for the region's troubled economies, reports AP.

"We hope this contact he had with us will provide the kind of leadership we would expect from Japan," said Malaysian Foreign Minister Abdullah Badawi. "We hope that they will play a more active role and they would be able to help us."

Although Japan is burdened with its own economic woes, Badawi — attending a Southeast Asian foreign ministers' meeting in Manila — said Japan's role remains crucial in helping Asian economies recover from their financial crisis.

Obuchi won the presidency of Japan's ruling Liberal Democratic Party on Friday, automatically making him the party's nominee for prime minister. He is nearly certain to be voted premier in Parliament because the LDP commands a majority in the powerful lower house.

Tokyo is under increasing pressure from allies, prominently the United States, to sort out its economic problems as a first step toward creating a market for troubled Asian neighbours to sell their goods and containing the region's financial crisis.

"It has been a common expectation that Japan would put its economic house in more effective order so that it could revive its own economy and could be able to pull along other economies," said Thai Foreign Minister Surin Pitsuwan.

"I do believe the new administration in Japan understands that expectation and will respond to that expectation favorably," he said.

Australia also called for reform. Foreign Minister Alexander Downer, in Hong Kong, told government-owned radio that Japan does not have "a lot of time to get its economy moving again."

China congratulated Obuchi and appealed to him to strengthen often shaky relations between the two nations. Chinese Foreign Ministry spokesman Tang Guoqiang noted that as foreign minister, Obuchi "Has with care and great effort strived to develop China-Japan relations."

Now as head of the Liberal Democratic Party and all but certain to be named prime minister, "we hope that Mr Obuchi will continue making contributions to the healthy and stable development of Chinese-Japanese relations," Tang said in a statement.

The change in Japanese leader came at an awkward time for China. Chinese President Jiang Zemin was expecting to go to Japan this fall for summitry with Obuchi's predecessor. Japan's weakening economy has threatened one of China's biggest markets and investors.

Beijing is anxious for Japan to halt a dip in imports and shore up the sagging yen, a senior trade official said.

Obuchi was more palatable to China than his closest rival, Former Chief Cabinet Secretary Seiroku Kajiyama outraged Chinese leaders last year by insisting that a US-Japan treaty would involve those countries in a conflict over Taiwan, which Beijing claims as a renegade province.

9 banks to lend Thailand $ 425m

TOKYO, July 25: A group of European, Japanese and US banks will soon resume large-scale aid to Thailand after a one-year break enforced by its currency crisis, a report said today, reports AFP.

Nine banks, including Japan's Dai-Ichi Kangyo Bank Ltd, Fuji Bank Ltd, Bank of Tokyo-Mitsubishi Ltd, and US Citibank, will lend a total of 60 billion yen (425 million dollars) over 15 years, the Nihon Keizai Shimbun said.

It will finance a project between Thai and US companies to build a natural gas-fired thermal power plant by 2000, the business daily said.

The Japanese and US government will support the private-sector financing by offering public insurance coverage, it said.

The move can facilitate loans by commercial banks on expectations of an economic recovery in Asia, it said.

Pak rupee falls

KARACHI, Pakistan, July 25: The Pakistani rupee opened 0.50 down at 57.25 to the dollar in the kerb market today as demand for the US currency returned, and dealers said the rupee was likely to fall further, reports Reuters.

The rupee rose on Friday to 56.75 amid profit-taking in the dollar which gained sharply after government introduced a multiple exchange rate system on Wednesday last allowing banks to quote a Floating Interbank Rate higher than the official rate.

Kerb dealers said the move was viewed as a devaluation of the rupee by major players.

"The dollar will remain in demand and might rise further," one dealer said.

The State (central) Bank of Pakistan's rate was adjusted on Wednesday to 46.00/46.25 to a dollar, from 46.00/46.46 fixed June 27, 1998.

Indonesia to have bankruptcy law soon

JAKARTA, July 25: President B J Habibie is expected to enact a new bankruptcy law next month in a bid to lure frightened foreign investors back to Indonesia's shattered economy, a newspaper reported Saturday, reports AP.

The Jakarta Post said the proposed law, unanimously passed by Indonesia's Parliament on Friday, is scheduled to go in effect on Aug 20.

Many Indonesian companies, burdened with huge debt, have become technically insolvent because of the country's deep economic crisis. Foreign capital has left amid the uncertainty.

The new law, hurriedly drafted to counter the crisis, replaces old bankruptcy provisions that date back to 1905 when Indonesia was still a Dutch colony.

The paper quoted Justice Minister Muladi as saying that under the new law, 45 judges would work in a new commercial court to operate in Jakarta and several other major cities.

Muladi said the enactment of the law would bolster investor confidence "so that our economy can grow robustly in the future."

The new law, to give a legal basis for companies to be dissolved, will to be replaced later by a more comprehensive bankruptcy code.

The handling of bankruptcies and Indonesia's corporate debt mountain is a key element of a 43 billion dollars economic bailout plan for Indonesia put together by the International Monetary Fund.

Fuchs Lubricants to enter local market soon

Star Business Report

Fuchs Lubricants, a world famous lubricants company will soon blend and market Fuchs-branded products in local markets through its subsidiary company Fuchs-GHL Lubricants (BD) Ltd Chittagong, says a press release issued yesterday.

Set up in 1931 as a family company, Fuchs now meets about 26 per cent of the worlds total industrial lubricant demand.

The company recently held its first board meeting at Sonargaon Hotel in Dhaka. The meeting was chaired by Dr Michael Behar, Executive Vice President for Asia Pacific, Belgium and France and also a member of Fuchs Group Executive Committee.

The meeting approved the company's marketing strategy for the year 1998-99 and decided to market its product from the first private sector lub-blending plant in Chittagong.

The plant was set up with permission of Bangladesh Petroleum Corporation and has a capacity of producing 10,000 mt of world-class lubricants and greases per year.

Pepsico plans to buy Tropicana for $3b

NEW YORK, July 25: The soft drink and food group Pepsico announced plans to buy Tropicana, the world's largest juice producer, from the Seagram Company for 3.2 billion dollars, says AFP.

The transaction which must receive regulatory approval, is expected to be completed by the end of August, Pepsico said.

A company statement said the acquisition would "significantly strengthen the portfolio of products Pepsico can offer its million of retail, vending and food service customers."

"Given Pepsico's broad experience in developing, manufacturing, marketing and distributing both food and beverage product, Tropicana will be a great fit," according to company Chairman Roger Enrico.

In the 16 billion dollars a year us juice and juice beverage industry, Tropicana, which had revenues in 1997 of nearly two billion dollars, is the top performer in the chilled juice segment.

Florida-based Tropicana also holds interests in chilled orange juice industries in Belgium, Canada, France and Britain and is expanding operations in Japan, China, Taiwan and Hong Kong.

US urged to help bail region out of crisis

ASEAN to seek more investment from Western allies, Japan

MANILA, July 25: Southeast Asian countries will ask their Western allies and Japan for more investment, a rescheduling of debts and other help to revitalise the region's economies, officials said Saturday, reports AP.

The requests will be made when foreign ministers of the nine-member Association of Southeast Asian Nations meet next Tuesday and Wednesday in Manila with their 10 "dialogue partners."

Thai Foreign Minister Surin Pitsuwan told reporters that ASEAN is seeking "a more active effort to revitalise the economies in ASEAN."

"Our liquidity squeeze is very serious," he said. "We need some help on the restructuring, the rollover of our debts."

He said the allies should increase investment in the region and cooperate in efforts to reduce the damage of speculation and "uncontrolled movement of capital" in emerging economies whose defenses are not as strong as those of mature economies.

Also needed, Surin said, is more access to credit for ASEAN exports and for imports of parts used in production of goods for re-export.

An official of another ASEAN country, Indonesia, said ASEAN is seeking more outside investment in various projects in which two or more ASEAN members are developing adjoining areas. Many of these projects are designed for exports, which is one means of getting out of the economic turmoil, said the official, who asked that he not be named.

ASEAN economies have been battered since Thailand devalued its currency in July 1997 setting off a wave of devaluations regionwide.

ASEAN groups Thailand and Indonesia with Malaysia, the Philippines, Brunei, Singapore, Vietnam, Laos and Myanmar.

Its dialogue partners include the United States, Japan, China, Russia and the E U.

Meanwhile, a Reuter report adds: New Philippine President Joseph Estrada yesterday urged the United States to help bail Asia out of its economic crisis by replenishing the "frighteningly insufficient" coffers of the International Monetary Fund.

Estrada made his appeal in a speech opening a two-day meeting of foreign ministers from the Association of South East Asian Nations (ASEAN). The meeting has been dominated by debate over relaxing the groups traditional taboo on discussing members' internal affairs.

Western diplomats have long deplored the nine-nation group's hands-off policy towards human rights issues in member country Myanmar, urging ASEAN to take a firmer stance in prodding that military-led country to reform.

Making his debut on the international stage, ex-film star Estrada said Asia, bleeding from year-long financial turmoil that has brought many of the regions' economies to their knees, needed money from international institutions to recover its health.

"It is our hope that countries which are in a position to do so, especially the United States, will soon make available their share in the recapitalisation of the IMF, and lend support for increasing the funds of the World Bank and the Asian Development Bank."

Philippine President Joseph Estrada (right) greets Foreign Minister Ohn Gyaw of Myanmar during the courtesy call of the ASEAN foreign ministers in Manila Friday. The foreign ministers are here for the 31st annual ASEAN ministerial meeting to discuss the region's economic crisis and the nuclear race between India and Pakistan. Looking on is Malaysian Foreign Minister Dato Ahmad Badawi (background) and Laotian Foreign Minister Somsavat Lengsavad (left).

HK forex reserves rank third in world

HONG KONG, July 25: Hong Kong's foreign currency assets amounted to 96.5 billion US dollars at the end of June this year, the latest figure announced by the Hong Kong Monetary Authority (HKMA) shows, reports Xinhua.

This means that in terms of foreign currency reserves, Hong Kong remains the third largest in the world after Japan and the Chinese mainland which were respectively 205.9 billion and 140.5 billion US dollars.

In addition, the latest official figures released by the HKMA also show that in the first half of this year, total assets of the exchange fund rose by 3.6 per cent from 636.7 billion HK dollars (81.65 billion US dollars) at the end of December 1997 to 659.5 billion HK dollars (84.55 billion US dollars) at the end of June this year.

The accumulated surplus of the exchange fund including minority interests, increased by 6.2 per cent from 190.2 billion HK dollars (24.38 billion US dollars) at the end of December 1997 to 202 billion HK dollars (25.89 billion US dollars) at the end of June 1998.

Commenting on the figures, Chief Executive of the HKMA Yoseph Yam said: "The 6.2 per cent increase in the accumulated surplus in a period of volatility, with financial turmoil in Asia, is highly encouraging."

The HKMA considers the investment outlook for the second half of this year unfavourable.

However, it will continue its prudent management of the exchange fund and achieve a fine balance in terms of return, risk and liquidity, in full compliance with the guidelines set by the Exchange Fund Advisory Committee, he said.

Dr Michael Behar, Executive Vice-President, Asia Pacific, and member of the Group Executive Committee of Fuchs GHL Lubricants (BD) Ltd, presiding over the company's first Board of Directors' meeting at Hotel Sonargaon Friday. The picture shows (clock-wise) Dr Michael Behar, Mohammed Yousuf, Managing Director, Syedul Huq, Secretary to MD, M A Hasem, Chief Accounts Executive, Syed M Akbar, Asstt Manager (Sales), Fuchs Oil Middle East Ltd., Mamtaz, Vice President, (Operation and Technology), Fuchs Oil Saudi Arabia.

Yen down, mark up against dollar

NEW YORK, July 25: The dollar rose against the Japanese yen Friday, reflecting traders' continuing worries about the Asian financial crisis, says AP.

Market participants were surprised by a credit rating downgrade of Malaysian government debt, coupled with the selection by Japan's ruling party of an old guard politician — likely the next prime minister to guide the economy through a recovery.

The dollar failed to fully recover from its early selloff against the German mark as the market focused on the yen.

In late New York trading, the dollar was quoted at 141.44 Japanese yen, up from 141.38 yen late Thursday. The dollar also was changing hands at 1.7820 German marks, down from 1.7868 marks.

The dollar initially fell as Japan's ruling Liberal Democratic Party chose Foreign Minister Keizo Obuchi as its new president setting him up to become the country's new prime minister.

Traders had been expecting Obuchi's selection, and his win already was factored into the foreign exchange market, even though traders do not consider him to be the best politician to enact measures to boost the economy.

But dealers started selling yen after Moody's Investors Service made an unexpected decision to downgrade Malaysia's sovereign debt ratings by three notches, but still keep the country at an investment-grade status.

Traders were "looking for some magical comment or statement (by Obuchi), which is yet to come," said Lee Kassler, vice president of foreign exchange at Israel Discount Bank. "Given the Malaysian news, I think the market has just said: 'Hey, things in that area of the world are not going well.'"

Other late dollar rates in New York, compared with late Thursday: 1.4969 Swiss francs, down from 1.5069; 5.9710 French francs, down from 5.9910; 1,757.00 Italian lire, down from 1,762.00; and 1.4990 Canadian dollars, up from 1.4940.

The British pound was quoted at 1.6556 dollars up from 1.6499 dollars.

Russia to join US efforts to resolve problems of 'millennium bug'

MOSCOW, July 25: Russian scientists will join American colleagues in a special group to resolve the problem of the "Millennium Bug," Prime Minister Sergei Kiriyenko said Friday, reports AP.

Kiriyenko said the problem was discussed during his meeting with US Vice President Al Gore.

"This is a serious issue not only for America, in fact it is a problem which affects all users of computer networks in the world," Kiriyenko said, according to the ITAR-Tass news agency.

"I believe that indeed Russia has many top level experts who could help resolve this problem," he said.

The Millennium Bug refers to the problem that many computers — originally programmed to recognise only the last two digits of a year — may be unable to distinguish between the years 2000 and 1900 — since their codes represent those year as simply 00.

Computer experts warn that on Jan 1, 2000, banking systems may fail, air traffic controls could stop working — and nuclear reactors might melt down if the problems in their computer systems is not fixed.

Russia's Atomic Energy Ministry recently said it will wait until 2000 to fix any computer glitches arising from the Millennium Bug.

Kiriyenko ordered Russia's computer experts this spring to develop ways to resolve the 2000 problem by the end of this year, but it is commonly acknowledged that Russia is far behind its western counterparts in fixing the glitch.

Commodity market: Prices of tea, gold up; oil down

LONDON, July 25: Investors hoping for higher oil prices spent another miserable week as even a lowering of Iranian exports and promises of OPEC production cuts were not enough to rescue crude from the doldrums, says AFP.

On the London market, a new drop in oil prices took Brent, the benchmark North Sea crude to below 13 dollars a barrel. Promises by the Organisation of Petroleum Exporting Countries (OPEC) to cut back on production are leaving investors increasingly sceptical.

In addition, the gap between supply and demand widened, with US crude reserves at their highest since after the Gulf war and Asian consumption falling ever lower.

Elsewhere, silver saw a significant fall in comex reserves in New York, prompting rumours over the intentions of US giant investor Warren Buffett, and sending prices upwards.

Buffett sent silver prices rocketing in February when he revealed he had bought almost 130 million ounces of silver.

Gold: Mirror. Gold followed silver slightly higher amid thin trade this week.

Prices rose by 1.05 dollars to 294.50 dollars per ounce.

But prices slipped at the end of the week after a rise in the value of the dollar against the yen and a fall in the value of the rand.

Silver: Glitter. A slump in US silver reserves sent prices skyward this week:

The market ran awash with rumours that Warren Buffett, renowned as market moving investor, had again bought up metal.

Buffett set the market ablaze in February when he said that he had bought 129.7 million ounces on the London market.

Since then, dealers have waited with bated breath for his next move.

Platinum and palladium: Slip. The price of these two metals fell back from highs seen midweek after fresh Russian supplies finally emerged on to the market.

Price may fall further after the Russian authorities suggested drafting new supply contracts with Japanese importers over the weeks ahead.

Palladium prices fell by 15 dollars to 310 dollars per ounce and platinum prices fell by 14 dollars to 379 dollars per ounce.

Copper: Burnished. Copper prices rose firmly this week on the London Metal Exchange and traders showed little interest in the Japanese leadership battle, focusing instead on economic factors.

Three-month copper on the LME rose 78.50 dollars to 1,762 dollars tonne, largely on technical factors, while warehouse reserves rose 7,300 tonnes to 256,400 tonnes.

Lead: Light. Lead prices followed the rest of the metals market upwards, ending at 107,000 dollars a tonne, up 1,050 dollars.

Zinc: Hot. Zinc prices rose this week thanks to a drop in LME warehouse reserves which sparked a round of a speculative buying.

Three-month zinc rose 50 dollars to 1,117 dollars a tonne, while LME stocks fell 10,725 tonnes to 369,850 tonnes.

Aluminum: Shiny. Aluminum prices reached two month highs on the London Metal Exchange after a sharp fall in LME warehouse reserves.

Nickel: Polished. Nickel prices kept rallying this week, up 367.50 dollars to 4,720 dollars a tonne thanks to good industrial demand and short covering by investment funds.

Investors were able to pick up bargains after the metals' sharp fall in previous weeks, hitting a 4-1/2 year low two weeks ago.

Tin: Demand. Tin was helped by a slight rise in industrial demand, with low volume trading leading to greater price movements.

Three-month tin rose 52.50 dollars to 5,570 dollars a tonne, with warehouse supplies up 760 tonnes to 6,795 tonnes.

Oil: Slip. Brent North Sea crude prices fell by 39 cents to 12.68 dollars per barrel (for delivery in September) as oil stocks around the world showed a marked increase.

Even a fall of 325,000 barrels in Iranian crude exports failed to inspire the market.

Cocoa: Saturated. Cocoa prices showed little change as dealers assessed the likely impact of heavy rains on plantations in the worlds growing pole, Ivory Coast.

Prices for September deliver fell by one pound to 1,075 pounds per tonne.

Coffee: Warming. Predictions of a concerted drive by producers to raise prices warmed robusta contracts this week.

On the London future market, robusta for September delivery rose by 30 dollars to 1,575 dollars per tonne.

Tea: Strong. Tea was in strong demand at Mombassa's auction houses, the tea broker's association said.

BPI, high-grade leaves, showed price rises of between five and 13 cents per kg.

PF1 varieties showed an increase of between 20 and 30 cents per kg.

Analysts predicted that Kenya would reap a record harvest of 280,000 to 290,000 tonnes, after plentiful rain early in the year, followed by a long period of sunshine.

Sugar: Settled. Sugar prices remained stable this week despite feeble demand and profit-taking after last week's gains.

Sugar for December dosed at 250.40 dollars a tonne, unchanged over the week.

Trading was hit by a decision by the Russian government to impose import taxes on white and untreated sugar to protect the domestic sugarbeet crop.

Vegetable oils: Slippery. US vegetable oil prices continued their slide as local buyers went for cheaper Argentine soya rather than domestic crops.

Grains: Mixed. Wheat prices posted modest gains, despite an upward revision of forecasts of the Australian harvest, while maize prices dipped on forecasts of rain in US growing regions.

On the Chicago market, wheat prices rose by three cents to 2.65 dollars per bushel (of 27.2 kg, for delivery in September) while maize prices fell by four cents to 2.26 dollars per bushel (of 25.4 kg).

Cotton: Neutral. Cotton prices remained unchanged amid the summer pause in market activity in the northern hemisphere.

There was some selling by speculative investment funds, disappointed at modest gains of late, but this was countered by continued drought in Texas, a key US growing region.

Analysts predicted that flooding in China would hit output from the country.

Wool: Muffled. The Australian wool market was closed, it will reopen on August 3, while activity in Britain was subdued given the summer lull.

Only 40 per cent of wool for sale on the Bradford market found buyers, amid extremely low trade.

Prices rose by two pence to 310 pence per kg.