

### OECD investment talks to resume despite French no-show

PARIS, Oct 16: The world's club of industrialised nations will go ahead with a new round of investment liberalisation talks next week despite France's pullout, the OECD said Friday, reports AP.

The Organisation for Economic Co-operation and Development said the meeting at its headquarters Tuesday will be to discuss "possible approaches for future action" toward hammering out the Multilateral Agreement on Investment, or MAI.

Trade and finance ministers from the 29 OECD nations decided in April to put the talks on hold for six months, in large part due to French resistance to lowering certain barriers to investment.

On Wednesday, Prime Minister Lionel Jospin appeared to drive the nail in the coffin on the talks strongly backed by the United States, saying France would shun Tuesday's meeting.

Instead, he urged new negotiations instead at the Geneva-based World Trade Organisation, as Canada has also suggested.

Paris sees the MAI as threatening its artistic, cultural and audiovisual industries, which many in France feel already suffer from too much American influence.

The French, in turn, wanted Washington to move toward eliminating laws that call for imposing sanctions on countries for investing in Cuba, Iran and Libya.

"We want that negotiations be able to resume on a totally new basis and in the framework associating all actors, meaning all countries, including the developing ones," the Socialist Prime Minister told lawmakers during a question-and-answer session at the National Assembly.

### Intel earnings fall slightly

SAN JOSE, Calif., Oct 16: Intel Corp's earnings declined slightly during the third quarter, but the computer chip maker beat analyst expectations amid strong demand from PC makers in the United States and Europe, reports AP.

The report Tuesday from the world's largest maker of computer microprocessor chips showed the company, whose second-quarter earnings had dropped 29 per cent, was holding up despite the worldwide economic slowdown. But there were signs that Intel still faced some challenges.

Intel reported it earned \$1.56 billion, or 89 cents per diluted share, compared with \$1.57 billion, or 88 cents per share, in the third quarter of 1997.

The company said its revenue rose 9 per cent to \$6.73 billion from \$6.15 billion.

A consensus of securities analysts surveyed by First Call Corp had predicted Intel would report earnings of 80 cents per share.

"Intel has a lot to be happy about when there are more units selling," said Roger Kay, an analyst for International Data Corp in Framingham, Massachusetts.

But he said the average prices that computer makers have been able to charge continued to decline during the quarter, a potentially worrisome sign because the company's third- and fourth-quarter earnings are typically higher because of seasonal sales.

# Japan parliament okays bailout plan for ailing banks

TOKYO, Oct 16: Japan's upper house of Parliament passed a measure Friday to remedy the country's crippling financial crisis by pumping up to half a trillion dollars into the country's ailing banks, says AP.

The money will allow the banks to make loans despite huge bad debts. The troubled banks' tight hold on capital has been a major factor behind the country's recession, the worst since the end of World War II.

The bank recapitalisation bill creates a mechanism for injecting public money into private banks. An accompanying budget bill, also approved Friday creates a war chest of up to 60 trillion yen 517 billion dollars from which the government can draw.

The more powerful lower house approved the proposals on Tuesday.

The measures are part of a package of bills enacted to repair Japan's banking system, which is teetering under the weight of up to 1 trillion dollars in bad loans — many of them

left over from the collapse of the speculative "bubble economy" of the 1980s.

The first part of the plan, enacted Oct. 12, enables the government to nationalize banks that have failed or are about to go under. The government is expected to try out the scheme on the Long-Term Credit Bank of Japan, a lender riddled by loans on the verge of collapse due to debilitating losses from bad real estate loans.

The latest law would allow the government to pump funds into banks that aren't thought to be in danger of failing but still need assistance. It would also enable healthy banks to obtain public cash if they agree to use it to pay for taking over the operations of a foundering lender.

Along with the new law, the upper house of parliament approved a supplementary budget for this year, including 43 trillion yen 371 billion dollars for banks.

Of that amount, 25 trillion

yen 215 billion dollars was earmarked to provide capital for weak banks, while 18 trillion yen (155 billion dollars) was set aside for the government to purchase failed banks from their stockholders.

The government had already approved a 17 trillion yen 147 billion dollars to strengthen the deposit insurance system against failures.

Japan's banks, among the largest in the world, have been struggling most of this decade with loans that went sour when the Japan's "bubble" of stock and land speculation broke in the early 1990s.

The bad-loan battle has left many reluctant to make new loans, creating a credit crunch for small- and medium-size companies that has driven bankruptcies to record highs.

Japan's bank problem has been a major drag on the economy. Economists worry the crisis could further weigh on economically devastated Asian nations and slow growth globally.



One day before World Food Day, United Nation's Food and Agriculture Organisation Director General Jacques Diouf presents Pope John Paul II with FAO's top honour "Agricultural Medal" at the Vatican, Thursday. — AP/UNB photo

## Indonesian parliament passes new law

# Foreigners to be allowed cent per cent ownership of banks

JAKARTA, Oct 16: Parliament passed a revised law on Friday to revitalize the ailing banking sector and to allow foreign investors to own 100 per cent of an Indonesian bank, says AP.

The new law is regarded as crucial to efforts to restructure Indonesia's banking industry that has been crippled by the worst economic crisis in 30 years.

The new law stipulates that foreign ownership of Indonesian banks will be dealt with only by government foreign investment regulations.

The previous 1992 banking law specifically barred foreigners from owning any more than 49 per cent stock in an Indonesian bank.

Dozens of insolvent banks have been shut down, merged, nationalized or placed under government supervision after they collapsed following a dramatic dive in the value of the rupiah against the US dollar in July 1997.

Indonesia's economy was worst hit by Asia's financial

meltdown and its banks were left in a mess.

Some bankers are now being investigated by police over possible breaches of Indonesia's banking regulations. Several have been banned from leaving the country.

Sjahril Sabirin, the governor of Bank Indonesia, the central bank, said this week that the majority of Indonesian banks have insufficient capital levels and will have to be recapitalized.

The government has already signaled that several privately-owned and share run banks will be put on the market.

The new law effectively transfers the power to issue new banking licenses from the ministry of finance to the central bank.

Bank Indonesia will be the sole authority to supervise the banking sector.

The government will also set up deposit insurance agencies to provide guarantees for cus-

tomers deposits and to replace the existing blanket government guarantee on all bank deposits.

That guarantee averted massive runs on banks by depositors and avoided a total collapse of the banking sector.

The new law stipulates that all deposits in commercial banks have to be insured.

Stricter penalties will be imposed on bankers found to be flouting banking regulations.

The Indonesian Bank Restructuring Agency will take on the extended role as the special agency responsible for the health of the banking sector.

The revised law will also regulate the setting up and running of banks established under Islamic principles and give a clearer definition of bank secrecy.

Indonesia is the world's largest Islamic nation with about 90 per cent of its 202 million people registered as being Muslim.

### Recapitalisation of banks

## Malaysia announces \$2.9b bond issue

KUALA LUMPUR Oct 16: Malaysia yesterday announced a bond issue of 11 billion ringgit (2.9 billion dollars) to recapitalize ailing domestic banks, reports AFP.

Danamodal Nasional bhd, the government agency set up to prevent the collapse of troubled financial institutions, said in a statement the nominal-value zero coupon bonds would be offered on October 21.

The bonds will be fully subscribed by 57 financial institutions, comprising 35 commercial banks, 10 crore finance companies and 12 merchant banks, and "will offer a rate consistent with the prevailing market rate."

"These zero coupon bonds are structured to give Danamodal the flexibility to manage its cash flow position," it said.

The maturity date of the bonds in 2003, but the agency said it would retain the right to extend the maturity date for a further period of not less than one year and not exceeding five years.

With the funding in place, Danamodal expects its recapitalisation operations to progress on schedule in accordance with the plan set out by Bank Negara Malaysia, it said.

The recapitalisation and restructuring of the banking institutions will enhance the resilience of the financial sector and is a priority under the government's national economic recovery plan," Danamodal said.

Danamodal was set up by government on August 10. It signed agreement last week with 10 ailing banks and finance companies to recapitalize them at a cost of 3.3 billion ringgit (870 million dollars).

### Islami Bank branch managers' confce held

A day-long branch managers' conference of the Dhaka Zone of Islami Bank Bangladesh Limited was held at the Board Room of the bank yesterday.

M Kamaluddin Chowdhury, Executive President of the bank was present as chief guest.

The conference was attended among others by Nasiruddin Ahmed, Executive Vice President and M Tajul Islam, senior Vice President and Incharge of Dhaka Zone, says a press release.

M Kamaluddin Chowdhury advised all of Islami bankers are to devote themselves to reach the people of all walks of life. He stressed need for promotion of small and micro investment and diversification of investment portfolio for equitable growth and distribution of natural wealth, poverty alleviation and balanced economic development of the country.

Chowdhury urged the managers and officials of the bank to mobilise cost-free deposit and ancillary business.

## Foreign demand seen falling Indian tea exports jump

CALCUTTA, India, Oct 16: India's tea exports rose 12 per cent in January-August over the same period last year but falling prices at tea auctions in South India in September could indicate a fall in foreign demand, a trade body said on Thursday, reports Reuters.

Exports rose to 131 million kg in January-August from 117 million in the corresponding 1997 period, according to data from the Indian Tea Association (ITA).

"Export demand has been buoyant and prices have been better than last year, but the fall of the rupee could affect exports in the second half (of 1998)," ITA's Joint Secretary M Das Gupta told Reuters.

After the depreciation of the rupee, there has been some "demand compression" in Russia, reflected in prices at auctions in Southern India, he said.

"South India has more reason to be concerned because they depend more on exports to Russia. Prices have fallen in September," he said.

Tea prices in Southern India have fallen on an average to about 45 rupees a kg from

around 65 rupees since Moscow's de facto devaluation of the rouble in mid-August, tea planters said.

Russia bought 90 million kg of Indian tea last year, accounting for almost 45 per cent of India's total exports of 203 million kg.

Government officials, however, say that the rouble's fall against the dollar would not affect India much because tea exports to Russia are transacted in Indian rupees.

"It will hit our rivals more than us because bulk of our export is through the rupee-rouble route. We are more worried about the fall in purchasing power," E K Bharathbhusan, Director in India's Commerce Ministry, told Reuters.

But ITA officials say a fall in purchasing power would not affect Russia's tea consumption significantly, particularly in the medium segment of the market which India supplies.

"Tea is a base-level commodity in Russia. It is a necessity," ITA said.

Some exporters regard the turmoil in Russia as an opportunity to focus on other markets.

## WB okays \$145m soft loan for Lanka

COLOMBO, Oct 16: The World Bank has approved \$145 million in soft loans to Sri Lanka for developing its infrastructure and streamlining the legal system, a government minister said Thursday, reports AP.

Between \$40 to \$60 million of these loans is expected to be utilised for the Colombo Port development project, said Lakshman Peiris, the deputy minister of finance. Details of the planned changes in the legal system were not immediately available.

Soft loans are long term loans made available to recipients at low rates of interest.

The Jaya Container Terminal, part of the Colombo Port, will benefit from this programme that is expected to take a few years to complete.

The government wants to modernise the Colombo Port as it has become the lifeline of the island country which is embroiled in a civil war. The 15-year-old Tamil separatist war has made other ports too risky to be used.

In July, the Sri Lankan government and a consortium comprising local and foreign investors concluded a preliminary agreement to develop the Queen Elizabeth Quay, also of the Colombo Port.

The \$1 billion project will be handled by Britain's Peninsula Oriental Steam Navigation Co (U.P.O) and Sri Lankan blue-chip John Keells Holdings Ltd, the main project partners.

Peiris, addressing a weekly

press briefing, said the commitments made by the World Bank indicated a sign of confidence in Sri Lanka's economic progress.

"Despite the turbulence in Asia, Sri Lanka stands as an ocean of stability," he said.

Peiris declined to divulge government's fiscal deficit target for the following year, saying that estimates weren't available as yet.

Sri Lanka is aiming for a budget deficit 6.5 per cent of gross domestic product in 1998, but the rising defence expenditure is likely to see that target overshooting by at least one per cent to around 7.5 per cent, according to economists surveyed by Dow Jones Newswires.

### Flood washes away Tk 3.52cr fish in Pabna

SHARIATPUR, Oct 16: Several betel leaf farms in the district have been badly damaged by the recent floods, leaving the growers in utter financial distress, reports APB.

Most of the 20 thousand growers cannot undertake betel leaf cultivation anew for want of capital, locals said.

Betel leaves worth about Tk two crore have perished at the farms at Naria, Jajira, Sadar, Damuddah and Bhedarganj thanas, growers said.



M Kamaluddin Chowdhury, Executive President of Islami Bank Bangladesh Limited, addresses the day-long branch managers' conference of Dhaka zone of the bank in the city yesterday. — IBBL photo

### China's Guangdong cracks down on futures COS

SHANGHAI, Oct 16: Officials in southern China's Guangdong province have suspended 15 futures trading companies from accepting new clients and ordered the companies to close all positions and return all margin deposits to clients by December 31, 1998, the Shenzhen Securities Times reported Friday, says AP.

The suspensions were the latest move in a clean up of the China's fledgling futures markets.

The Guangdong Securities Regulatory Commission demanded complete records of futures trading positions and of investors' funds as well as a plan to cover positions and return margin requirements to investors, the newspaper reported.

Names of the companies under investigation were not disclosed.

In August, the China Securities Regulatory Commission announced plans to merge China's 14 futures exchanges into three and close all but 12 of China's 35 futures contracts. The CSRS has also shut down a number of futures brokerages for trading irregularities and misappropriation of funds.

## Bosnian industrial output continues to rise

SARAJEVO, Oct 16: Bosnia's industrial production continued to recover in September but remained far below levels reached before the devastating 1992-1995 war, government statistics showed, reports Reuters.

"We are starting from a very very low level," said Peter Palmer, an economist and political analyst at the International Crisis Group (ICG), a Brussels-based think tank.

Unemployment was little changed at 40 per cent in the Muslim-Croat Federation, one of the country's two autonomous entities.

On a more positive note, the data showed that inflation seemed to be under control, with federation retail prices rising only 2.9 per cent in September from the same 1997 month.

Post-war Bosnia also consists of a Serb republic, covering 49 per cent of the country's territory, but statistics from that region are so far published separately.

According to the statistics agency, industrial output in the federation jumped 30.2 per cent in September from a year earlier, slightly down from an annual 33 per cent in August.

In the January-September period, it was 25.6 per cent higher than in 1997. Above average growth was recorded in mining, manufacturing, textiles

and in the machinery and equipment sectors.

"The positive trend in the economic development continued in September," said Munira Zahiragic, Director of the Federation Institute of Statistics, which published the data.

Despite the rise in September, however, output was some 80 per cent below the 1991 level, when Bosnia was well-off compared to other countries in central and eastern Europe.

Stabilising inflation was relatively easy compared to the deeper industry changes needed to help the economy catch up, Palmer said.

### New GM of Jamuna Oil

Nurul Amin Khan has recently taken over as the General Manager of the Jamuna Oil Company Limited, reports BSS.

He earlier served the company as its resident manager, divisional manager and in other capacities as well as public relations manager for the Meghna Petroleum Limited.

The office-bearers of the Jamuna Oil Company Limited Officers' Welfare Association congratulated Khan and expressed the hope that with his joining the company would continue to make progress.

### KL inflation hits 5.5 pc

KUALA LUMPUR, Oct 16: Malaysian consumer prices rose 5.5 per cent year-on-year in September, up 0.2 per cent from August, the Statistics Department said yesterday, reports AFP.

This brought the consumer price index, the barometer for inflation, to 5.2 per cent for the first nine months of this year, the department said in its monthly report released through the official Bernama news agency.

It attributed the nine-month average of 5.2 per cent in the index to an 8.9 per cent increase in food prices.

There were no changes in the indices for gross rent, fuel and power, transport, communication and recreation, entertainment, education and cultural services.

Consumer prices in September rose 0.2 per cent from August due to increases in four main groups.

## Most Australians welcome foreign tourists

BRISBANE, Oct 16: The overwhelming majority of Australians think international tourists to the country are desirable, with a tiny two per cent of people resenting their presence, a national survey released Friday shows, says AP.

"The survey sends a clear message that Australians welcome visitors, and that they'd love to see more," said John Morse, managing director of the Australian Tourist Commission, which conducted the survey.

Morse said the survey was the first national study of Australia's attitudes towards international tourism, and aimed to examine the effects of inbound tourism on the nation's natural environment and society.

He said the study showed that Australian people have such a deep understanding of the benefits of international tourism, which conducted the survey.

Inbound travelers to Australia. Ninety-three per cent said they favoured international tourism.

Asked to state what they felt were the main advantages of international tourism to Australia, 83 per cent of respondents said economic benefits, jobs and investment.

Twenty-four per cent said they enjoyed the interest and stimulation of having visitors from many cultures and backgrounds.

Most said it had been easier to market Australia internationally since right-wing populist legislator Pauline Hanson lost her seat in parliament at an Oct. 3 election. Hanson's criticism of Asians was widely reported internationally.

Morse said 4.22 million people visited Australia in the year ending June 30, 1998.

### Amartya Sen works on 'social exclusion issues'

MANILA, Oct 16: Philosopher-economist Amartya Sen of India, who has won this year's Nobel Economics Prize, is part of an Asian Development Bank (ADB) project which may result in the creation of an index of human deprivation, an official said Thursday, reports AFP.

The project deals with "social exclusion issues" concerning a "broader measure of human deprivation which goes beyond poverty," said MG Quibria, Assistant Chief Economist at the Manila-based ADB.

While poverty is defined only as income deprivation or exclusion from economic activities Sen's work would cover exclusion due to "economic, social, political and cultural" factors possibly leading to the creation of an index of human deprivation.

This would involve drawing up a "broader measure of human deprivation than income" Quibria said, but he did not say when this project is expected to be finished.

This could reveal "how social exclusion can impede one's economic inclusion," Quibria added.

Quibria said Sen had worked as a consultant on ADB projects in recent years involving human resource development.

"We, the ADB feel very proud of his achievement," said Quibria of Sen's being named as winner of the Nobel Economics Prize.

"We feel proud of the achievement of the member of one of our developing member countries."

Sen Wednesday became the first Asian to win the Nobel Economics Prize, receiving the award for his research into famine and poverty alleviation.

### Mahathir in Tokyo Japan may loan Malaysia \$2.7b

TOKYO, Oct 16: Malaysian Prime Minister Mahathir Mohamad arrived in Japan for a five-day visit today amid reports that Tokyo is considering 2.7 billion dollars in aid loans, says AFP.

Mahathir is to attend an African development conference next week and meet political and business leaders on his first overseas trip since the arrest of ousted deputy premier Anwar Ibrahim on September 20.

He is scheduled to meet with businessmen from the Japan Federation of Economic Organisation (Keidanren) and attend a conference sponsored by the Nihon Keizai Shimbun during the first day, officials said.

The Malaysian Premier will also attend two receptions hosted by Emperor Akihito and Prime Minister Keizo Obuchi on Monday before meeting lawmakers and attending a conference sponsored by the Mainichi Shimbun and Japan External Trade Organisation (Jetro) on Tuesday.

Japan's government is considering extending 2.7 billion dollars in loans to Malaysia, according to Jiji press news agency.

Obuchi is to formally announce 1.9 billion dollars worth of low-interest yen loans to Malaysia in mid-November when he attends Asia-Pacific Economic Cooperation (APEC) forum leaders meetings, it said.

Japan was also mulling extending 300 million dollars in loans through the Export-Import Bank of Japan and 500 million yen worth of trade insurance to help improve the country's industrial infrastructure, said Jiji press.

### UN okays \$55m spare parts deals for Iraq

BAGHDAD, Oct 16: The United Nations has so far approved 31 spare parts contracts worth 55 million dollars for Iraq to repair its battered oil-field installations, a UN official said yesterday, says AFP.

The United Nations authorised Baghdad in June to import up to 300 million dollars worth of spare parts to rehabilitate its oil sector, which was severely damaged in the 1991 Gulf War and has been further run down by sanctions.