

# India to open film industry to foreign investors

NEW DELHI, Jan 7: India yesterday said it will allow foreign investors into the country's film industry, the world largest in terms of output, says AFP.

Information and Broadcasting Minister Pramod Mahajan said the move will inject new technology into domestic movie-making and give it an edge over rivals.

"We will welcome foreign capital in to film-making, he said in an announcement in New Delhi, adding that guidelines for foreign investments into the sector would be framed soon.

"Although the government does not expect much inflow of foreign capital in the sector, the modernisation of the film industry as also the export of films", Mahajan said.

He also said the Indian gov-

ernment, domestic financial institutions and banks will be encouraged to fund productions. "At present, there is hardly any public knowledge as to who finances the films and from what source the funds come from", Mahajan said, adding that well-produced movies could earn profits overseas as well.

Indian films would also be able to earn greater foreign exchange given the fact that a large number of Indians are settled abroad, he added.

Experts say foreign investors see India's film industry as a risky venture because of links to the underworld, rising production costs and rampant video piracy.

Bombay, or 'Bollywood' as it is commonly known, is the capital of the Indian film industry. India's south and Cal-

cutta are the other hubs of the country's movie industry. Mahajan said the domestic film industry was unable to support itself despite the fact it was granted industry status in May last year.

The industry has not educated itself on commercial lines, and it is not able to support itself because it is still person-oriented and has failed to evolve an appropriate system, Mahajan said at a function.

He said Japan's Sony Corp. has offered its plans to invest in film-making in the country on a small-scale.

Indian film producers borrow from private financiers at massive annual interest rates of 48 per cent, with industry status confirmed, they can now, however, receive bank financing at 15 per cent.

India annually produces about 1,000 films and the movie business is believed to have a turnover of around 50 billion rupees.

More than 10 per cent of the films — the largest chunk — are in the Hindi language moves made in Bollywood, while the rest are in a variety of regional languages.

Almost all movies are produced by family-controlled businesses. More than 80 per cent of the movies flop at the box office, about five per cent become box-office hits, while the rest just break even.

Some 20 million people watch movies everyday in India's 13,000 theatres.

India approved over 8,300 foreign joint ventures in various sectors since opening up its economy in 1991 after four decades of closed-door policies.

# Pakistan, India may settle power deal this month

ISLAMABAD, Jan 7: A Pakistani delegation is expected to visit New Delhi this month to finalise the proposed sale of 2,000 megawatt of electricity to India, a senior official from the Ministry of Water and Power disclosed yesterday, says Xinhua.

Pakistan and India signed an agreement on power purchase during their first round of talks held in Islamabad in October, 1998 and agreed in principle to finalise its modalities in the second round of talks, previously scheduled to be held in New Delhi in December, 1998.

However, the second round did not take place as scheduled as Pakistan had not completed its proposals in this regard, the official said.

"Now officials of the Ministry of Foreign Affairs have informed the Indian authorities about the new schedule of the talks", he added.

The Pakistani delegation will start its visit after receiving the new schedule of India and the two sides will finalise affairs relating to the rate of power, guarantee and transmission line during the visit, the official said.

Under the agreement signed in October last year, Pakistan will export 2,000 megawatt of power to India in different phases with 500 megawatt to be supplied in the first phase, starting from the year 2000.

## Taiwanese exports fall 9.4pc in 98

TAIPEI, Jan 7: Taiwan's exports fell 9.4 per cent to 110.64 billion US dollars in 1998, the largest drop since 1955, the finance ministry said today, reports AFP.

Imports dropped 8.5 per cent from a year earlier to 104.74 billion dollars, the ministry said.

The weakening exports cut the overall trade surplus by 22.9 per cent to 5.9 billion dollars, the lowest level in 15 years.

## Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the taka to clients.					
Currency	Selling TT & OD	Selling IC	Buying TT Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	48.7050	48.7450	48.3100	48.1570	48.0850
Pound Ster	80.6993	80.7656	79.5279	79.2761	79.1575
Deutsche Mark	29.3525	29.3766	28.3611	28.2713	28.2290
Swiss Franc	35.1483	35.1772	34.5887	34.4791	34.4276
Japanese Yen	0.4337	0.4341	0.2660	0.2647	0.2640
Dutch Guilder	26.0509	26.0723	25.1710	25.0913	25.0537
Danish Krona	7.7310	7.7373	7.5457	7.5218	7.5106
Australians	31.1712	31.1968	29.9280	29.8333	29.7887
Belgian Franc	1.4231	1.4243	1.3751	1.3707	1.3686
Canadians	32.4960	32.5227	31.5793	31.4793	31.4322
French Franc	8.7516	8.7588	8.4560	8.4293	8.4167
Hong Kong	6.2982	6.3033	6.2221	6.2024	6.1932
Italian Lira	0.0296	0.0297	0.0286	0.0286	0.0285
Norway Kroner	6.5702	6.5756	6.4560	6.4355	6.4259
Singapore	29.4521	29.4763	28.6065	28.4162	28.3738
Saudi Riyal	13.0227	13.0334	12.8450	12.8043	12.7852
UAE Dirham	13.2972	13.3081	13.1163	13.0748	13.0552
Swedish Krona	6.1341	6.1392	6.0539	6.0347	6.0257
Qatari Riyal	13.4174	13.4284	13.2302	13.1901	13.1704
Kuwait Dinar	167.0554	167.1926	154.9142	154.4236	154.1927
Thai Baht	1.3313	1.3324	1.3176	1.3134	1.3115
Euro	57.4086	57.4557	55.4695	55.2939	55.2112

**Bill buying rates:**

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6967	45.8945

**US dollar London Interbank Offered Rate (LIBOR) as of January 7, 1999**

Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
48.0850	48.7050	USD	5.04	5.06	5.06	5.06	5.09
48.0850	48.7050	GBP	6.19	6.125	5.8125	5.6875	5.5625

**Exchange rates of some Asian currencies against US dollars**

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.5072	50.7250	36.2736	3.7997	7920.8002	1148/151

**Amex notes on Monday's market**

USD/BDT market was very active with high level of dollar demand. The supply side of the greenback has fallen due to shortfall in incoming remittances. USD/BDT rate ranged between 48.6515 and 48.6540.

Call money market was very liquid and call rates ranged between 6.00% and 6.25%.

The US dollar lost its ground against the yen in late Tokyo trade on Thursday as concerns over Latin America flared on news that one of Brazil's states had declared a moratorium on debt payments.

The dollar was also pressured by falls in the euro against the yen in cross trade, which made dealers cautious about dollar yen.

In early Europe trade on Thursday, dollar went down to levels near a 27-month-low against the yen. The down move of dollar was influenced by concerns over a potential looming crisis in Brazil and the impeachment trial of US President Bill Clinton, which is due to start later in the day in Washington.

However, European stocks were expected to trade stronger, buoyed by a record overnight close on Wall Street.

At 9.12 GMT in the international market the USD traded at 113.40/113.50 JPY, 1.3852/3872 CHF, EUR at \$ 1.1666/1.1669 and GBP at \$ 1.6504/6509.

## Euro stabilises against dollar in New York

NEW YORK, Jan 7: The three-day old euro stabilised against the dollar yesterday settling in at 1.16 to the greenback after briefly falling below that mark earlier in the day, says AFP.

Around 4:30 pm (2130 GMT) the euro was trading at 1.1615 dollars compared with 1.1602 at mid-day and 1.1759 late Tuesday.

For its part, the dollar lost some of its recent gains against the yen sliding to 112.50-yen compared with 113.80 earlier Wednesday and 111.51 on Tuesday.

Traders in New York attributed the euro's relative weakness to indications that European central banks, notably the French and Spanish, were encountering technical problems in settling transactions with the main central bank that governs the new currency.

In the late morning, the euro had dropped to 1.1555 dollars. Nonetheless, experts remained optimistic about the chances of the European currency which in the long-term, say, should climb to about 1.120 dollars.

Against the currencies from non-euro countries, the dollar was trading at 1.3923 Swiss francs late Wednesday compared with 1.3715 at the end of Tuesday.

The British pound remained stable at 1.6547 dollars compared with 1.6545 dollars late Tuesday.

The price of an ounce of gold gained 70 cents to 287.60 dollars.

## Asian currencies lower against dollar

SINGAPORE, Jan 7: Asian currencies were mostly lower today even as the rose slightly against the US dollar in relatively quiet trading, dealers said, reports AFP.

"Most of the action now is in the stock markets across the region which are shooting up," a dealer with a European house said.

Stocks markets in the region were higher today for the second day running as foreign investors returned to pick up bargains.

The Singapore dollar rose slightly to 1.6738 against the greenback after suffering a sharp drop a day earlier when it closed at 1.6772.

The Thai baht fell to 36.58 against the dollar from Wednesday's close of 36.55. The Philippine peso to 38.355 from 38.225, the South Korean won to 1,160.75 from 1,158 and the Taiwan dollar to 32.1905 from 32.186.

The Indonesian rupiah was higher at 7,925 against the dollar from 7,950 a day earlier.

## Boullouin Aviation places order for Airbus plane

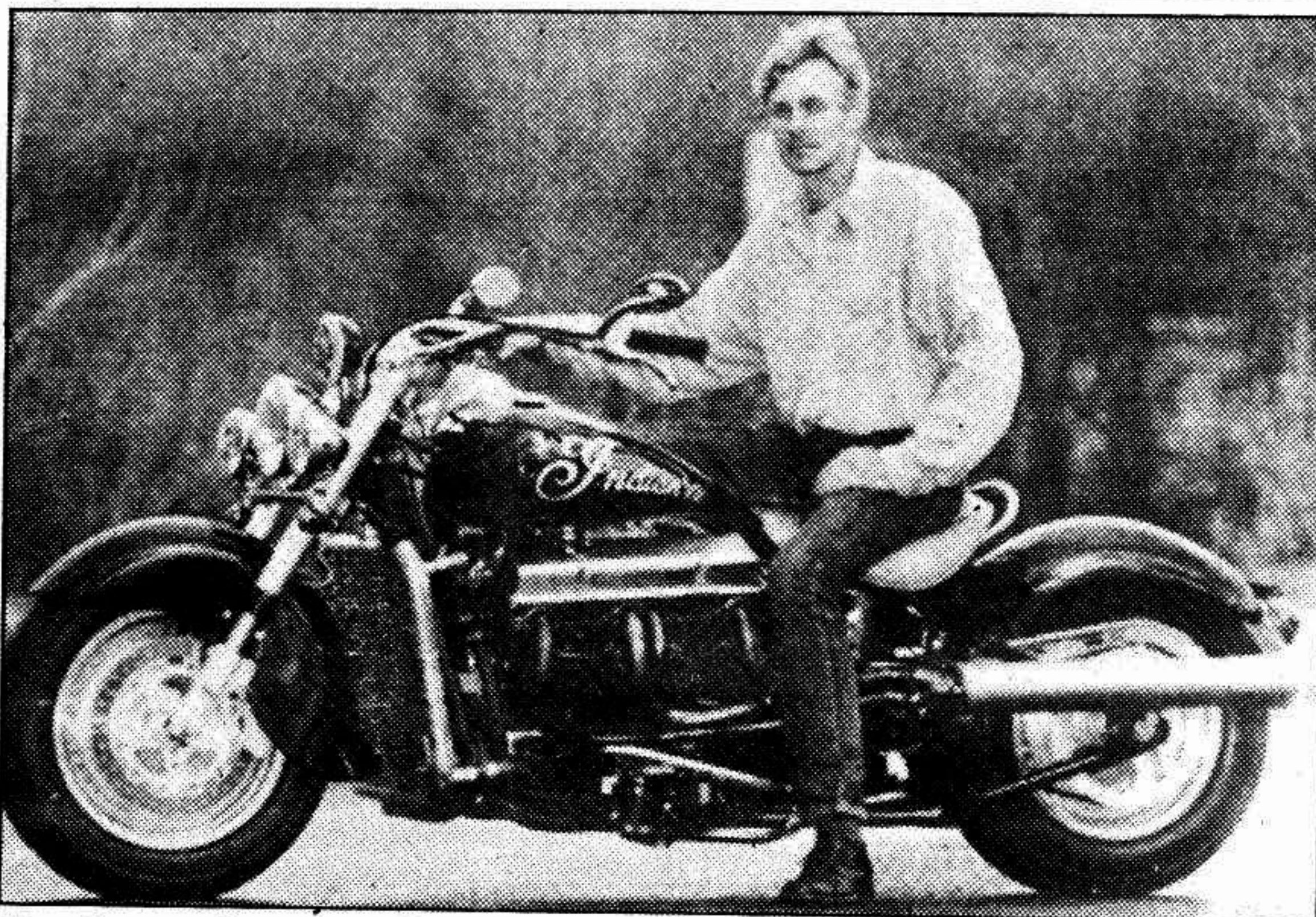
Boullouin Aviation Services Inc has announced that it has placed its first firm order for Airbus Industrie aircraft in a deal for 30 new A320 Family jetliners worth more than US \$1.3 billion.

The order, concluded in 1998, strengthens Boullouin's position as a global leader among commercial aircraft leasing companies and reflects Boullouin's confidence in the investment characteristics and residual value potential of the A320 Family, says a press release.

Boullouin has placed firm orders with Airbus for 15 A319s and 15 A320s. The transaction also includes purchase rights for additional aircraft of the same type.

Boullouin has the option to "ch" its order among three different models in the Airbus family — the A320 single-aisle jetliner, the A320XLR, the A320neo, and the A321.

The A320neo carries 150 passengers in two classes, while the A319 carries 124 passengers in two classes and the A321 carries 185 passengers in two classes.



Manufacturer Christian Timmermann poses with his motorcycle "Indian V8" in Potsdam Tuesday. The Indian V8 is powered by a 5.7 litre Chevrolet motor with 180 horsepower. Timmermann also plans to build a motorbike with a Z44 Chevrolet engine with 340 horsepower. Indian's motorcycles were built until the late fifties in the United States. The price for this ultimate cruiser bike starts at 68,000 German marks (34,871 euros or 29,517 US dollars) — UNB/AP photo

## \$ 76b budget surplus announced

# Political battles won't obstruct economic agenda: Clinton

WASHINGTON, Jan 7: President Bill Clinton on Wednesday forecast a bigger-than-expected budget surplus of 76 billion dollars for the current fiscal year and vowed that political battles would not obstruct his economic agenda, reports Reuters.

The surplus in fiscal 1999 would be the second in a row after nearly three decades of deficits, and the largest in history in dollar terms.

"I am proud to announce that we can say the era of big deficits is over. We are now entering the second year of an era of surpluses," Clinton said in announcing the surplus forecast at the White House.

He pledged to continue pursuing his economic agenda, topped by a financial overhaul of the social security retirement system, despite his impeachment trial in the senate which begins on Thursday.

We cannot use anything as an excuse not to deal with our most pressing priorities. I do

not intend to do it. I do not think the American people expect us to do it," he said.

The federal government in fiscal 1998 recorded a surplus of 70 billion dollars, its first budget surplus in 29 years.

The new forecast by the White House budget office for fiscal 1999, which ends on Sept. 30, is an increase over the White House's initial projection in May of a 54 billion dollar surplus for 1999. The congressional budget office in November projects a surplus of 63 billion dollars for fiscal 1999.

A White House official attributed the increased forecast to a "renewed strength in the economy." He said the US economy slowed less than expected in the third and fourth quarters of 1998.

Clinton renewed his call for holding any budget surplus in reserve pending social security reform, a goal he aims to accomplish this year.

"Some say that this task will

be too complicated for the congress and the administration to achieve. That the will is took week, the political system too divided. I do not agree with that," Clinton said.

"I heard that six years ago when I showed up here ... and look at all that has happened in the last six years, by sustained good-faith effort."

"I think that we will surprise the sceptics by dealing with the social security challenge over the next several months," he said.

The budget progress has provided "tangible benefits to millions of families," Clinton said. These included lower interest rates that increased home ownership and made purchases such as cars or college educations more affordable.

He also outlined other elements of his agenda including reform in the medicare health care programme for the elderly and education improvements, while maintaining budget discipline.

## Duty hike on gold import

# Delhi's bid to raise forex reserves may boomerang

NEW DELHI, Jan 7: India's bid to swell its foreign reserves with a hike on gold import duty is likely to boomerang with smugglers and black marketers reaping the profits, analysts and experts said yesterday, reports AFP.

Tuesday's customs duty hike of 60 per cent, which raised tariffs to 400 rupees (9.5 dollars) for every 10 grammes (0.35 ounces), immediately affected prices which soared by 150 rupees (3.57 dollars) to close at 4,350 rupees (103.57 dollars) for 10 grammes.

Nand Kishore, a partner in one of India's largest jewellery houses Tribhovandas Bhimji Zaveri, told AFP the measure was a retrograde step for the world's largest gold consumer.

The retail prices of gold will shoot up and it will be a boon for smugglers. The consumers will be badly hit."

Kishore said the price rise would paradoxically whet the traditional Indian appetite for gold, which, for centuries has been regarded as the best form of investment.

"Gold was losing its charm after the government in 1989 relaxed laws on buying and hoarding. It became like a common commodity."

prices going up, people will attach more value to it," Kishore said.

"Demand will increase because that has been the common reaction in India every time prices have gone up."

Palaniappan Chidambaram, India's last finance minister, also slammed the move on Wednesday.

"The hike in import duty on gold will not bring any additional revenue, but curtail legitimate imports," he said.

Defending the measure, the government said Indians imported 575 tonnes of gold between January and November 1998, a 28 per cent rise over the previous year.

As a result of the increased duties, the state foreign currency reserves would benefit from additional revenue of nearly 60 million dollars annually.

But ML Damani, president of the Bombay Bullion Association told AFP that the real beneficiary would be the black market.

"Last year, we imported 700 tonnes of gold of which about 15 per cent was smuggled. This year, I expect the amount of gold coming in through illegal channels to go up to 25 per cent."

"I think the government's target of increased revenues are vastly over-optimistic."

Damani said gold was an intrinsic part of Indian culture and therefore demand could not be greatly curbed.

For any social function, for



A M Anisuzzaman, Chairman of the Board of Directors of Uttara Bank Limited, speaks at the bank's Regional Heads Conference 1999 on Thursday. Managing Director of the bank M Aminuzzaman, Deputy Managing Director Shamsuddin Ahmed and Asst. Managing Director M A Halim are also seen. — Uttara Bank photo

# Kuwait stocks end year 40 pc down

KUWAIT CITY, Jan 7: The Kuwait Stock Exchange (KSE) index closed its last day of trading in 1998, 3.8 per cent down on the week and 40.3 per cent down on the year, but analysts predicted 1999 would bring new gains, reports AFP.

The fall to 1,582.7 points rounded off a dismal year for the bourse which has seen an unprecedented series of record lows and has fallen 44.2 per cent since its peak in November 1997.

There is, however, a silver lining to every grey cloud the benefit of hitting the lowest point is that the only outcome is an improvement," said Husam Meshal, senior financial analyst at Al-Shall Economic Consultants.

Meshal predicted that the instability of the bourse will continue for at least three months, though any genuine upward trend will also contain a certain volatility of small ups and downs.

Meshal put the dismal performance of the KSE in 1998 down to a "cocktail of factors," both internal and external.

"The fundamentals of the naturally speculative market drove the performance of companies down and profits evaporated of the 75 listed companies, 54 companies registered losses amounting to nine billion dollars," he said.

"General economic fundamentals show that the sagging price of oil coupled with the drop in demand and overproduction of oil have all contributed to a depressed economy in a state dependent on oil revenues."

"Then there are the exogenous factors such as the security and stability of the region, a negative element that could accompany the market into the new year."

The KSE closed last week up for the first time in 13 weeks, but analysts said investors' scepticism had returned following the cessation of US-British air strikes against Iraq.

The United States and Britain launched a four-day bombing campaign against Iraq in mid-December after Baghdad's repeated non-compliance with UN weapons inspectors.

# Obuchi gets first-hand look at euro zone

PARIS, Jan 7: Japanese Prime Minister Keizo Obuchi, trying to shore up his country's economy and currency, was getting a first-hand look at the euro zone during a three-country tour that started with a state visit to France, reports AP.

Obuchi, who arrived in Paris Wednesday night, was hoping to restore confidence in Japan's economic policies. But it was unclear whether he would make concrete proposals to ensure dominance of the dollar, the euro and the yen.

There was strong speculation that Obuchi would propose to French leaders a plan to join the euro with the yen and dollar in a monitoring system aimed at curbing turmoil in international markets.

"The ideal would be for responsibility to be divided between the three currencies," Obuchi said in a New Year's speech over the weekend.

However, Japanese Minister for Economic Planning Taiichi Sakai said Wednesday in Paris that his government is not in a position to put forth "concrete proposals" on how to regulate the market to ensure stability of the three currencies.

The Japanese government is making various efforts to make the yen a stable currency," Sakai said. "But we are not embarking on deliberate efforts to make the yen a key currency."

In his first state visit to France, Obuchi was to meet with French President Jacques Chirac Thursday evening and with Prime Minister Lionel Jospin Friday morning before traveling to Italy and Germany.

Japanese leaders will be eager to see that the popularity of the new European currency, launched Monday, won't hurt their recent efforts to increase global use of the yen, analysts said.

Some commentators voiced skepticism about Japanese efforts to boost the stature of the yen, which now has around 5 per cent of the international currency market.

"Japan's sudden effort to make the yen an international currency comes too late and will be difficult to achieve in the current period of crisis," the daily Le Monde said in an editorial published Tuesday.

The Japanese were skeptical about the euro until very recently," said Eric Chaney, European economist at Morgan Stanley in Paris. "Now that it's a reality, they need to see first-hand what's happening in the euro zone."

Another theory was that Obuchi would put forward a plan to craft international financial rules that would impose some limited controls on currency trading.

While the United States has generally opposed currency controls, some European leaders, including Jospin, have called for rules to prevent sudden and sharp currency movements.

## IMF chief welcomes euro

WASHINGTON, Jan 7: Describing the first days of trading in the new unified European currency as "strikingly smooth," Michel Camdessus, the managing director of the International Monetary Fund, welcomed the successful launch of the euro, says AP.

"This is testament, indeed, to the vision, professionalism and dedication of all those involved at both the European Union and national levels," Camdessus said in a statement Wednesday.

"It has also been a model of cooperation and partnership between public and private sectors," he added. Trading in the euro, currently worth \$ 1.15, began Monday.

Camdessus said the launch of the euro — combining the currencies of 11 European nations — is an "historic event for Europe and for the international monetary system."

## Shipping Intelligence

Berth position and performance of vessels as on 7.01.99.

Berth No.	Name of vessels	Cargo	L.Port call	Local agent	Date of agent	Leaving arrival
J/1	Jiang Chuan	GI	Tian	BdShip	11/12	13/1
J/2	Coral Trader	GI	-	AASS	28/12	10/1
J/3	Chalkidon	GI	Mumb	OWSL	25/12	9/1
J/4	Ranginui	GI	Sing	IPL	18/12	7/1
J/5	Samudra	Rice(P)	Kand	Seacom	1/1	12/1
J/6	Fu Shan	C.Clink	Thai	MBL	27/12	8/1
J/7	Orion Glory	GI	Sing	Prog	23/12	11/1
J/8	Coaster P/	C.Irene	Wheat(G)	SSST	-	7/1
J/9	Xing Ye	Rice(G)	Kand	MHCSL	1/1	12/1
J/10	Banglar	Wheat(G)	K.Dia	BSC	R/A	11/1
J/11	Adventure	Wheat (p)	Truk	Seaglor	1/12	10/1
J/12	Makassar	Express	Cont	Sing	Baridhi	1/1
J/13	Qc Teal	Cont	Sing	QCSL	2/1	8/1
CCT/1	Sin Hai	Cont	Sing	RSL	31/12	8/1
CCT/2	Bunga Mas	Enam	Cont	P. Kel	ECSL	28/12
CCT/3	Banga Biraj	Cont	Sing	BdShip	28/12	9/1
CSJ	Anodad Naree	C.Clink	Indo	Delmure	30/12	8/1
GGJ	Golden Rose	Wheat(G)	Sing	Ancient	26/12	20/1
TSP	Qin Ling	R.Phos	Nanj	Seacom	4/1	9/1
R/4	Chariot	CDSCO	Durb	Rainbow	28/12	10/1
RM/6	Mingzhou-3	Urea	Sing	Seacom	13/12	14/1
DD/1	Tanary Stary	Idle	Para	PSAL	1/1	3/1
RM/8	Al Muztuba	Repair	-	BSC	R/A	7/1
RM/9	Banglar	Repair	-	BSC	R/A	11/1
Shourabh	Shourabh	Repair	-	BSC	-	8/1
CUFLJ	Al Swamruz	Wheat (G)/idle	K.Dia	ASLL	R/A	8/1