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Top Japan banks burdened with huge bad loans

TOKYO, May 21: Japan's top banks reported trillions of yen (billions of dollars) in problem loans Friday according to new, more stringent rules for classifying loans, reports AP.

The banks also posted huge losses from writing off bad loans in the fiscal year ended March 31, though many forecast they would earn a profit by the end of the current business year.

Top-ranked Tokyo-Mitsubishi Bank Ltd., the only major commercial bank which has not taken part in a taxpayer-financed bailout of the industry, said its parent company problem loans total 2.16 trillion yen (\$ 17.42 billion) — up from 1.86 trillion yen (\$ 15.0 billion) last September.

The higher figure was due in part to revamped disclosure standards prompted by the banking sector's recent woes. Problem loans include those extended to bankrupt borrowers, companies in danger of failing and loans on which payments have been missed or which have been restructured.

Under previous accounting standards, Tokyo-Mitsubishi's problem loans would have totalled 2.08 trillion yen (\$ 16.78 billion). It wrote off 843.9 billion yen (\$ 6.81 billion) worth of these loans in the past fiscal year.

The bank also posted a consolidated net loss Friday of 86.90 billion yen (\$700.98 million) for fiscal 1998, compared with a net loss of 524.36 billion yen (\$4.23 billion) a year earlier.

APEC business leaders for developing Asian debt market

TOKYO, May 21: Asia-Pacific business leaders gathered in Tokyo said today developing an Asian debt market was a key priority for crisis-hit economies, reports AP.

Industry leaders from 21 economies represented at the business advisory council of the Asia-Pacific Economic Cooperation forum began a three-day meeting here.

One of the key priorities for the region is the development of an Asian debt market, said Timothy Ong, deputy chairman of Brunei's National Insurance Company Berhad and co-chair of the meeting.

He said talks would centre on both short- and long-term measures to tackle economic crisis in the region. Work on the Asian debt market was "looking beyond" the immediate crisis, he said.

Japan last week proposed a credit-guarantee scheme for up to two trillion yen (17 billion dollars) in bonds issued by other Asian countries, to develop the region's debt market.

Other figures at the Tokyo talks include Jack Smith, chairman of US auto giant General Motors Corp., and Masayuki Matsushita, executive vice-president at Japan's consumer electronics giant Matsushita Electric Industrial Co Ltd.

Each economy has sent up to three businessmen to give advice to the council.

Philip Burdon, co-chair of the advisory council, said the meeting would also consider capacity building, to strengthen the markets internally and externally of the member economies.

A last-minute addition to the agenda was the region's aviation industry, whose liberalisation was still "treading water," Burdon said.

JP Morgan keen to buy troubled Japanese bank

TOKYO, May 21: A group of investors led by JP Morgan and Co. of the United States have showed interest in purchasing troubled Long-Term Credit Bank of Japan, now under state control, a Japanese newspaper reported Friday, reports AP.

The investment group centered on JP Morgan would sell LTCB after rehabilitating its operations, the Nihon Keizai newspaper said in a dispatch from New York.

The major US bank does not plan to acquire LTCB to expand its own Japanese business at present, the report quoted sources, but it did not identify as saying.

Ichiro Murakami, a spokesman for LTCB, acknowledged that negotiations were under way with an unspecified number of companies interested in buying the bank. But he said that in line with bank policy he could not comment on any individual case.

It was not known if JP Morgan would put up any of its own funds, or whether the US bank would get involved in the management of LTCB until it was reformed, the newspaper said.

Long-Term Credit Bank, once one of Japan's premier banks, was nationalized last year after regulators determined it would never be able to dig way out from under a mountain of bad loans.

It was the first time the Japanese government had taken over a bank since World War II.

Govt, donors to go for detailed study before investing in CHT

RANGAMATI, May 21: Government and donors will undertake a detailed study to identify various projects before going for massive investment in three hill districts following the peace accord, reports APB.

Official sources here said the study would cost Tk 3.03 crore. The Asian Development Bank (ADB) will provide 0.5 million US dollars (Tk 2.42 crore) for the study while the rest will come from the government.

The Chittagong Hill Tracts Development Board has been assigned to coordinate the

study, to be conducted between September and December this year, they told the agency.

A team of 13 experts — five foreigners and eight locals — would be appointed to conduct the study. The team would talk to cross-section of local people to ascertain their development needs.

The experts' team will prepare a report outlining various projects necessary for socio-economic development in this long-neglected region, according to competent sources.

People in the hill districts of

Rangamati, Bandarban and Khagrachhari are hoping this time that the CHT peace agreement would trigger massive development activities there.

Soon after the signing of the 1997 CHT peace deal between the government and Parbatya Chattagram Jana Sanghati Samity (PCJSS), many of the donors showed their interests to provide development funds for the region.

The officials said that on completion of the study, the ADB and some other donor countries and agencies would

come forward with financial assistance to implement the development projects.

The study, which is the first major step following the end to nearly two decades of insurgency in CHT, is seen by local people as a leap forward from the unplanned development initiatives in the past.

There had been no coordination between CHT Development Board, LGED and other bodies that resulted in huge financial losses in the name of development, local people alleged.

Maxwell Engineering accuses Oxy of defrauding it of \$6.6m

Star Business Report

A Bangladeshi company has alleged that US oil company Occidental is attempting to defraud it of 6.6 million US dollars.

Through fraud, Occidental made Maxwell Engineering Works construct at its own cost the pipeline for Jalalabad gasfield, Managing Director of the local company M M Pathan said.

He told a press conference on Monday that his company procured materials and constructed some 20 km of gas pipeline for the Jalalabad field for Occidental.

But Occidental has withheld payment of the bill for 5.6 million dollars since December last on various pretexts. Besides, it has also encashed Maxwell's Performance Guarantee of about one million dollars, raising the total dues to 6.6 million dollars, Pathan said.

Occidental was using 'an excuse' that Maxwell did not complete the pipeline, he added. Pathan said, his company completed construction of the pipeline by December 28 last year and started hydro-test activities thereafter. It was commissioned for gas flow on February 6 this year. The gasfield was inaugurated on March 22. Yet Occidental unfairly terminated the contract with Maxwell last month by serving a notice and withholding all payments, he added.

Maxwell was awarded a turnkey contract by Occidental for procurement of materials and construction of Jalalabad gasfield in April '97. The initial schedule for 'mechanical completion of work' was by May 31 last year, but it was extended up to December 31 last year as Occidental failed to acquire rights-of-way on which the

pipeline was to be built, Pathan went on.

Occidental had been paying Maxwell on monthly basis as per agreement till November last year. Then it stopped payment. In the next five months, Maxwell gave several reminders to Occidental for payment of overdue invoices. Getting 'no sensible replies', Maxwell was forced to issue a Notice of Intent to Start Legal Proceedings by the end of February this year.

"Instead of taking any action regarding the overdue invoices, Occidental reacted with 'punitive retaliation' by encashing Maxwell's performance guarantee amounting to one million US dollars approximately", Pathan alleged.

He noted that Occidental was already getting payment from Petrobangla for the supply of Jalalabad gas by using the pipeline.

Sanyo to hire Corazon as director

TOKYO, May 21: Japan's Sanyo Electric Co will hire former Philippine President Corazon Aquino as an outside director, a company spokesman said Friday, reports AP.

Aquino's appointment to the Osaka-based company's board will be officially decided at an annual meeting of its shareholders on June 29, said Sanyo spokesman Takashi Mitani. Mitani said Aquino, 66, has given her willing consent to Sanyo's offer and is to attend at least one board meeting every quarter. Aquino served as Philippine president between 1986 and 1992.

"We want to have her advice that will be used in our business management," Mitani said.

Sanyo has eight companies operating in the Philippines, including a semiconductor plant in Aquino's hometown in northern Tarlac province. It opened in 1995.

Overall, Sanyo has 145 overseas outlets, with 90 of them located in the Philippines and other Asian countries.

Qatar, Iran vow to work for oil market stability

DOHA, May 21: Qatar and Iran said yesterday they would strive in cooperation with other major oil producers to ensure the oil market remained stable, reports AP.

"Both sides are determined to work together and cooperate with other (oil producing) countries to implement the agreement and guarantee the development and stability of the oil market," they said in a communique issued at the end of the visit to Qatar by Iranian President Mohammad Khatami.

A number of major oil producing countries agreed in

March to cut output by a total of 2.1 million barrels a day in order to stem the plunge in prices which at one point reached a low of less than 10 dollars a barrel.

Doha and Tehran "welcomed the improvement in crude oil prices... which is in the interest of both producers and consumers of crude," the communique said.

They called on Iraq to obey all UN resolutions, and resume cooperation with the United Nations.

Last year Iraq froze its cooperation with the UN special

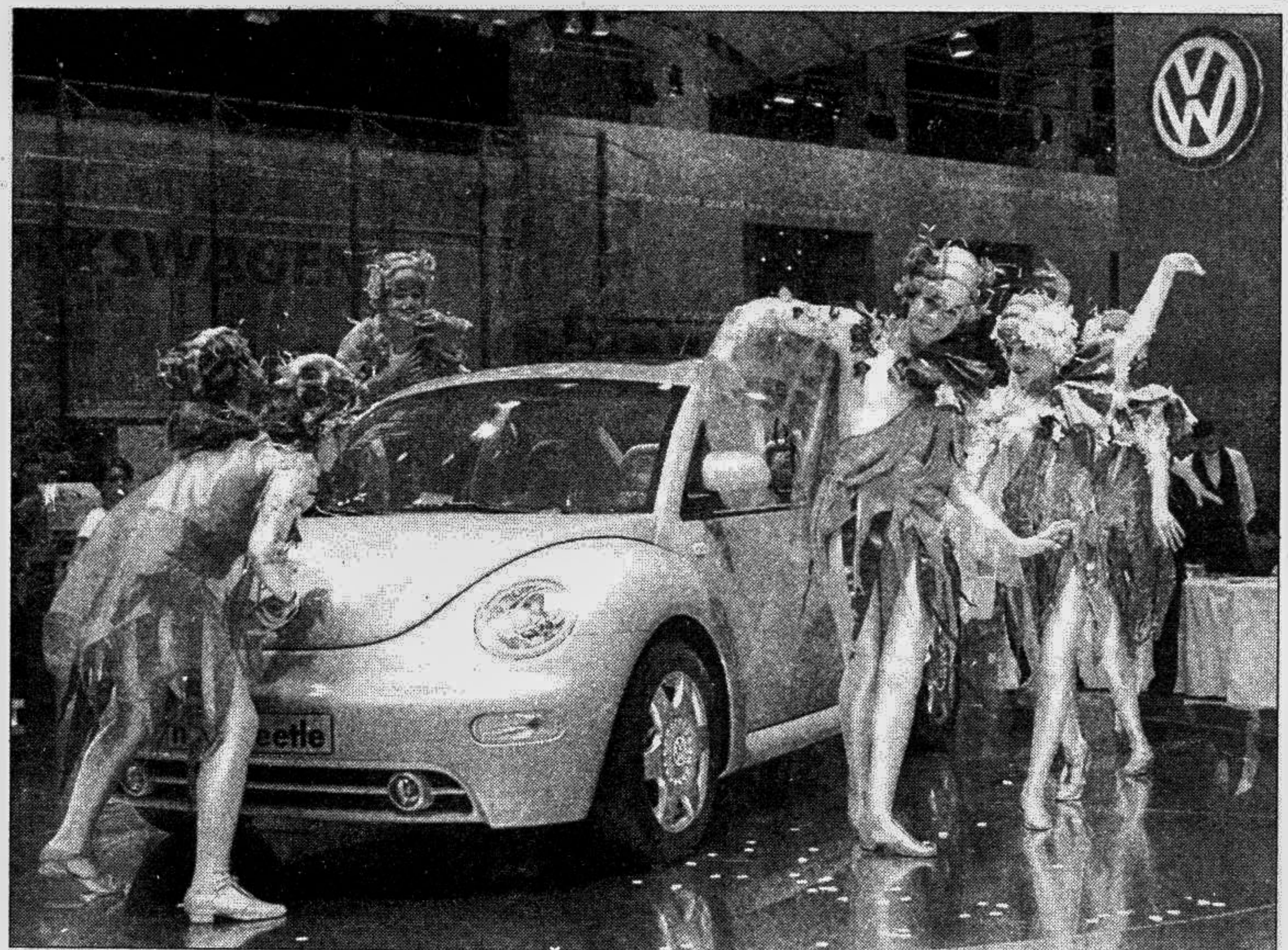
commission overseeing the elimination of its weapons of mass destruction, accusing it of trying to prolong the sanctions imposed on Baghdad in 1990 in the wake of the country's invasion of Kuwait.

The communique also expressed "deep disquiet at the acquisition by Israel of weapons of mass destruction, which threaten the security of the region."

It is necessary to make the Middle East a region free from all weapons of mass destruction, first and foremost nuclear weapons," the communique said.



Japan's Pioneer Electronics unveils a new portable DVD player PDV-LC10 equipped with 7-inch wide-screen LCD display on its compact body weighing only 690 grams at the '99 Business Show in Tokyo Thursday. Pioneer will put it on the domestic market next month with a price of 155,000 yen (1,300 USD). — AFP photo



Models dance around Volkswagen's "New Beetle" Friday during the International Motor Show in Barcelona, which is due to be inaugurated by Spanish King Juan Carlos and Queen Sofia today. — AFP photo

Capacity-building project's progress pleases UNDP

The United Nations Development Programme (UNDP) has expressed its satisfaction over the progress of one of its major projects aimed at promoting women and children, being implemented jointly with the government, reports BSS.

The project, Capacity Building, Poverty Alleviation and Sustainable Livelihood of the Socially Disadvantaged Women and their Children, is built on a new concept and the progress up to now is satisfactory, an official press release quoted UNDP Resident Representative David E. Lockwood as saying Thursday.

During a project appraisal meeting with State Minister for Social Welfare Dr. Mozammel Hossain, the UNDP mission chief hoped that despite being "risky and challenging" the project, which also deals with brothels, would achieve its objectives.

Dr. Mozammel said the government undertook several welfare programmes including old-age pension scheme, allowances for widows, Shanti Nibash along with the UNDP-assisted project to help and rehabilitate the neglected segments of society.

He asked the project officials to work with dedication to implement the programmes.

Secretary of Social Welfare Dr. K M Das said that the project was the first such planned effort to redress the problems of women and children living in red light districts.

US okays Deutsche Bank bid for Bankers Trust

WASHINGTON, May 21: The US Federal Reserve yesterday approved the \$10 billion takeover of Bankers Trust Corp. by Deutsche Bank AG, removing the last major obstacle to the consummation of the deal, reports Reuters.

The Federal Reserve Board voted 6-0 to approve the merger, which will create the world's largest banking group, with \$867 billion in total assets. Under the terms of its approval, the deal cannot be completed before June 4.

Germany's biggest bank agreed to buy Bankers Trust in November for \$10.1 billion in cash, at the time the largest ever takeover of a US bank by a foreign firm.

But its acquisition of the eighth-largest US bank ran into trouble over Holocaust-era claims related to charges it had profited from Nazi atrocities.

New York City and State financial officials conducted an extensive inquiry into how Deutsche Bank was handling the claims, taking until early May to approve the merger.

The Federal Reserve said it had also "carefully reviewed" the issue of Holocaust claims and noted Deutsche Bank's efforts to resolve them. It added many of the matters raised by groups commenting on the deal fell outside its limited jurisdiction.

"For these reasons, and based on all the facts of record, the Board concludes that the Holocaust-related matters presented by commenters do not

warrant denial of the (merger) proposal," the Federal Reserve said.

The deal was approved the April by the European Commission, which said that, while it would create a financial giant, the new company, still faced fierce competition.

That view was echoed by the Federal Reserve. "The Board concludes that consummation of the proposal would not result in any significantly adverse effects on competition or on the concentration of banking resources in the New York banking market or any other relevant banking market," it said.

Analysts had expected the deal to be approved, saying the intervention by Deutsche Bank had helped to allay concerns about Bankers Trust ability to stay competitive in a rapidly changing market.

"No one wanted this deal to fall through," said Burt Ely, president of the consulting firm Ely & Co. "A purely wholesale commercial bank is really not a viable proposition any more."

Bankers Trust agreed to the sale at a time when it was struggling with heavy losses, credit downgrades by US rating agencies and emerging market woes. For Deutsche Bank, the deal is a big step toward fulfilling its dream of establishing a major presence in the United States.

In a joint statement on Thursday, Deutsche Bank Chief Executive Rolf E. Breuer and Bankers Trust Chairman and CEO Frank Newman welcomed the approval of the deal.

Booming US economy incurs huge trade deficit

WASHINGTON, May 21: The US trade deficit hit a record \$19.7 billion March, the third record in a row as imports of goods and services into the booming US market hit the highest levels ever, the government said yesterday, reports Reuters.

Government officials and economists said record deficits were likely to continue as long as the US economy stays strong while Europe, Asia and the rest of the world remain weak.

Commerce Secretary William Daley said he expects more monthly record deficits and the total for all of 1999 was likely to top last year's record \$170 billion deficit.

"I would imagine that it (the 1999 US trade deficit) will be a record and that next month's will probably be a record," Daley said at a press conference. The government will release trade data for April in June.

David Orr, chief economist at First Union, said in his analysis of the data: "Until the pace of economic growth in the United States slows and the rest of the world picks up, the deficit will continue to grow. It is just that simple."

Michael Fenollosa, an international economist with John Hancock Mutual Life Insurance Company, said until now the United States has benefited from increased imports, which have helped keep prices down in the face of rising consumer demand. But at some point, he said, the ever-increasing deficits could have a negative impact on the US dollar.

"Dollars are piling up around the globe because we are the only game in town," he said. "If the global economy does pick up, the dollar may take a hard fall from its perch. Inflation and even higher interest rates could follow."

Federal Reserve Chairman Alan Greenspan said the rising deficit was disturbing, but he saw no immediate danger to the US economy because of the current level of strong growth.

"It is an issue which does disturb me, has disturbed me for years because I know that... the long-term equilibrium is working against us," Greenspan told a congressional panel.

"There is no evidence that there is any immediate problem coming because of the fact that we are an economy growing

far faster than the rest of the world."

During the first three months of the year, the US trade deficit grew to \$55.7 billion, compared to \$35.4 billion during the same period a year ago. Daley said about 40 per cent of that \$ 20.3 billion increase was due to higher imports of automobiles and parts.

US exports of goods and services also rose in March, reflecting improving economic conditions in Asia, but the increase was not enough to offset record imports into the booming American market where consumer demand is strong.

The widening gap was a surprise to wall Street economists who had expected a slight decline in the deficit to \$18.5 billion from February's record \$19.15 billion deficit.

Imports rose to a record \$97.22 billion in March from \$ 95.95 billion in February, while exports rose to \$ 77.52 billion from \$ 76.80 billion.

The increase in March imports reflected higher crude oil prices as the volume of crude oil imports fell to 8.5 million barrels per day from 8.8 million barrels in February, but the av-

erage price rose to \$10.43 per barrel from \$ 9.46 per barrel, the department said. The March price was the highest since November 1998, the department said.

Steel imports were up in March to 2.6 million metric tons from two million metric tons in February, the department said. But preliminary data on politically sensitive steel imports showed that increase being reversed in April.

Preliminary data showed steel imports dropping to 2.2 million metric tons in April. US steelmakers have been pressing the government to curb imports of foreign steel that they say have hurt domestic companies and cost jobs.

The US trade gap with Japan jumped to \$6.49 billion from \$ 5.27 billion in February. That was the highest monthly gap with Japan, American's third-largest trading partner after Canada and Mexico, since October 1994, the department said.

US exports to Japan rose slightly to \$ 5.29 billion in March from \$4.79 billion in February. Imports from Japan jumped to a record \$ 11.78 billion from \$ 10.06 billion.

Thailand axes conference on forced labour in Myanmar

BANGKOK, May 21: Thailand has abruptly refused permission for an international trade union group to hold a conference that would have discussed forced labour and democracy in neighbouring Myanmar, organisers said Friday, reports AP.

The conference, months in the planning, was to overlap next week with a recently scheduled, controversial gathering in Bangkok between senior officials of the Association of Southeast Asian Nations and the European Union.

Michel Caillouet, the European Commission's ambassador in Thailand, told reporters that the EU-ASEAN meeting — which has taken more than a year to arrange due to disputes over the participation of Myanmar — would go on despite the labour conference's cancellation.

"There is no link between the two programmes. The timing appears to be a coincidence," Caillouet said. "We would not be happy, because we support free speech. But there is no link."

Thai authorities informed the International Conference of Free Trade Unions-Asia and Pacific Regional Organisations

on Thursday that it was withdrawing permission for the conference.

It was to have brought together 130 people, including Myanmar pro-democracy figures, from 20 countries to discuss lack of democracy and labour rights in the country, also known as Burma.

The Singapore-based group accused Thailand of "bowing" to Myanmar's military regime.

Letters from the Thai Ministry of Labour and Social Welfare received by the group Thursday made no mention of the EU-ASEAN meeting, scheduled about a month ago.

Holding of this conference in Thailand would result in negative effects on the good relations between Thailand and its neighbour," one letter said.

Another added that Thailand would not let itself be used as a platform for anti-Myanmar activities.

The union organisation said that the Thai Foreign Ministry had repeatedly given approval for the conference, since January. Ministry officials were not available for comment.

The union groups' secretary general, Takashi Izumi, said in a statement that the incident would add to labours negative view of the candidacy of a Thai deputy prime minister, Supachai Panitchpakdi, to head the World Trade Organisation.

The confederation urged ASEAN to stop "pretending that the human rights abuses in Burma do not exist and... genuinely advance and promote issues of democracy and human rights."

The EU-ASEAN meeting, on a variety of trade, investment and technical cooperation issues, has been stalled since Myanmar was admitted to ASEAN in 1997. The European Union has various economic and diplomatic sanctions on Myanmar to protest human rights abuses.

Caillouet said in a briefing that the meeting was finally going ahead because ASEAN has agreed to come not as block but as separate countries. Myanmar, Laos and Cambodia will be present but will not be allowed to speak.

The three countries are not signatories of agreements with the European Union that would allow their participation. Caillouet said, and country nameplates at the talks will reflect that.