

India allows pvt firms to set up Internet gateways
NEW DELHI, July 21: India is allowing private companies to set up gateways for providing Internet services, ending the monopoly of a state telecommunications firm, reports said today, reports AFP.

The Economic Times, quoting an official of the Department of Telecommunications (DoT), said the government had also laid down security guidelines for providing international connectivity.

"All the technical details are in place. All that the private companies have to do is to get security clearances," the official said.

The daily said government norms allowed for policing by Indian intelligence agencies such as the Intelligence Bureau and Research and Analysis Wing.

Private companies using encryption codes for electronic commerce and other purposes would have to share the decryption code with the telecommunications department. Voice communications would not be allowed and only companies which have the licence to operate Internet service would be allowed to set up the gateways.

There will be a cap of 49 per cent on the foreign equity in an international gateway project," the DoT official said.

The guidelines announced on Tuesday night ended the monopoly of India's international telecommunications carrier, Videsh Sanchar Nigam Ltd.

More than 70 private licences have been issued by the Department of Telecommunications to provide Internet services across the country since the sector was opened up last year.

The department has predicted that the number of internet subscribers in India will surge to two million over the next two years from the current level of 200,000.

ROK GDP may grow 7pc in '99

SEOUL, July 21: The International Monetary Fund and the Seoul government expect South Korea's gross domestic product to grow between 6 per cent and 7 per cent this year, the government said Wednesday, reports UNB.

The new forecast, sharply up from their previous forecast of 2 per cent growth in January, was released in a preliminary report on a semiannual review of South Korea's economic policies and reform, the Ministry of Finance and Economy said.

The new figures compare to South Korea's economic contraction of 5.8 per cent and its consumer price index of 7.5 per cent last year.

The central Bank of Korea and state-run think tank Korea Development Institute also recently revised their forecasts for this year's economic growth to 6.8 per cent and 7.5 per cent, respectively, citing rising private consumption and business investment.

The report said the nation's consumer price index is expected to rise less than 2 per cent this year, down from their previous forecast of 3 per cent.

The report said South Korea is expected to post a current account surplus of \$20 billion this year, down from \$40 billion last year.

The two sides also agreed that South Korea would repay the remaining drs 4 billion of the initial \$13.5 billion it received from the IMF during the third quarter of this year.

South Korea has received \$15.5 billion from the IMF as part of a \$58 billion package arranged in late 1997.

The report also said South Korea's economy would grow 5 per cent to 6 per cent next year and its consumer price index would rise less than 3 per cent.

Reuters profits up 2 per cent

LONDON, July 21: Reuters Group PLC announced Tuesday that its pre-tax profit rose to \$300 million pounds (\$474 million) during the first six months of the year, an increase of 2 per cent over the same period last year, reports AP.

The news and financial information provider said profits increased despite a slowdown in orders due to slower activity in foreign exchange markets, delays associated with the millennium bug and a larger interest expense. Reuters' pretax profit for the first half of last year was \$294 million pounds (drs 459 million).

Revenues rose over the same period to 1.56 billion pounds (\$2.4 billion) from 1.45 billion pounds (\$2.2 billion).

More vigorous efforts to contain costs helped boost revenues and profits at the group's largest division, Reuters Information, the company said.

However, increased investment and the costs associated with the introduction of Europe's regional currency, the euro, are expected to continue depressing results for the group's second largest business, Reuters Trading Systems.

The Greenhouse Fund, part of the new Reuters Ventures division, earned a semiannual profit of 29 million pounds (\$45 million) from its investments in mainly Internet-related ventures.

Reuters paid 6 million pounds (\$9.4 million) in six-month interest charges compared with receiving interest income of 11 million pounds (\$17 million) in the same period in 1998.

The company's shares slipped Tuesday by 1.9 per cent from Monday's close to finish trading at 898.50 pence (\$14.20).

Bangladesh's plan proves successful in ending leadership stalemate

WTO appoints Moore, Supachai for consecutive terms

GENEVA, July 21: The World Trade Organisation (WTO) appointed yesterday rival candidates for consecutive terms as its director general, ending a bitter three-month stalemate.

However, among the 30 speakers at the meeting, some said the process had left a bitter taste, while others called it a "least bad solution possible."

Bangladesh, which promoted the plan, described as "the least bad solution possible."

Morocco opined that split-timing the job would have "consequences for the system."

The 10-member nations of the Association of South East Asian Nations (ASEAN) were absent from Tuesday's debate.

It was stressed that the agreement would not constitute a precedent for future appointments.

In Bangkok Supachai welcomed the decision, which means a Thai will head an international body for the first time.

"I'm whole-heartedly pleased to take the job whether it's the first term or the second term — that's not the point," he told reporters in the Thai capital.

The two men will preside over a new cycle of multilateral trade liberalisation in huge sectors including agriculture, industry and the service sector.

said US ambassador Rita Hayes, who had originally supported Moore's bid to head the WTO.

"The point is that we are able to work harder and make the WTO a truly world organisation with developed and less developed countries working together in executive posts."

The decision is expected to be endorsed at a plenary meeting Thursday or Friday, ending a leadership crisis that has lasted since Italy's Renato Ruggiero ended his term in April.

The appointment crisis had pitted the world's richest nations against countries keen to break what they see as a western stranglehold on world commerce.

It also underlined how important the WTO, the sole international trade regulatory body, has become on the international stage since its low-profile birth five years ago as the successor to the General Agreement on Tariffs and Trade (GATT).

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observers said.

The fraught question of which and how many deputy director generals to appoint was separated from the task of filling the top job and put back to September.

Moore and Supachai emerged as the contenders for the director general's seat just before the end of Ruggiero's term.

He honed his credentials with key jobs in Thailand's finance industry and government and rode the heights of his country's economic boom at the central bank and as deputy finance minister.

Later, as commerce minister he carried out strict International Monetary Fund reforms linked to a 1.72 billion dollar bailout after the Thai economy's spectacular collapse.

The organisation's ability to act as a sort of court to settle trade disputes between nations is its most important function, especially as smaller states can take on bigger powers, such as the United States, on an equal footing.

Not all countries are within the WTO. China, for example, is still pursuing a 13-year bid to gain membership.

Oil prices ease again

LONDON, July 21: Oil prices eased further yesterday as comments by the head of Venezuela's state oil company encouraged speculators to extend a run of profit-taking in the wake of last week's 20-month market high, reports Reuters.

London September Brent blend futures ended 64 cents down at \$18.56 a barrel, from a peak last week of \$19.43.

Traders said some of the negative sentiment was triggered by comments from Roberto Mandini, president of PDVSA, the state oil company of OPEC-member Venezuela.

He told a congressional hearing in Caracas he believed oil producers must not allow crude prices to rise above \$22 per barrel for US benchmark West Texas Intermediate (WTI), and should agree to increase production if that limit was exceeded.

Brent lost 12 cents on the comments, sparking technical selling orders which saw the contract continue to fall a total of about 50 cents.

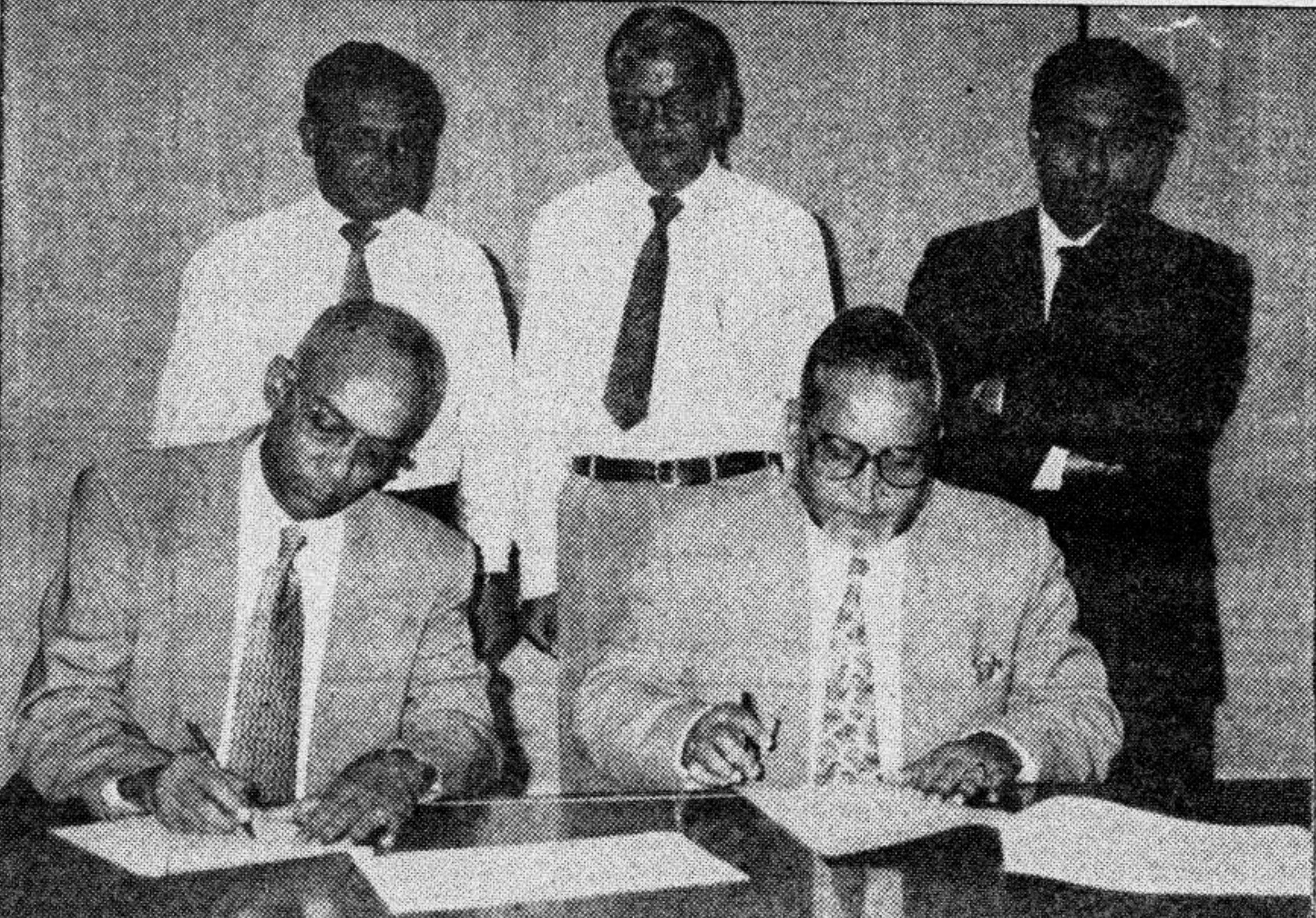
The market was unimpressed by later bullish words from Mexico's energy minister Luis Tellez, who told reporters his country and Saudi Arabia would continue to restrain output at current levels.

The head of trading at oil giant Royal Dutch/Shell said earlier that short-term price directions would hinge on the course of action OPEC producers took over supply limits.

OPEC is scheduled to meet in September and Shell International Trading and Shipping Co President Mike Warwick said the market could fall if the producer group were to signal it was considering raising production early instead of maintaining agreed output cuts even if prices rose further.

"Let me be very clear, there is no inclination to divert from the end of March commitment," Kuwait Oil Minister Sheikh Nasser al-Sabah told Reuters.

"We have not reached the level which could be perceived as harmful or (warrant) reassessment," he said of current oil prices.



Prime Bank Limited is set to offer its twenty lakh ordinary shares worth Tk 20 crore for public subscription soon. Of the said shares, Uttara Finance and Investment Limited has agreed to purchase 1.5 lakh shares worth Tk 1.50 crore under pre-IPO private placement arrangement. A sale-purchase agreement in this connection has been already executed. Pictures shows Kazi Abdul Mazid, Managing Director of Prime Bank Limited, and Sayeed Husain Jamal, Managing Director of Uttara Finance and Investments Limited, signing the agreement on behalf of their respective organisations at the Prime Bank Head Office Tuesday. Md Anwar Hossain, Senior Vice President, Md Anwarul Afzal, Vice President and Board Secretary of Prime Bank Limited, and Santanu Saha, Senior Vice President and Company Secretary of Uttara Finance and Investment Limited, were present.

Govt had been exonerated, says ruling party

Mexico's '95 bank bailout probe triggers major commotion

MEXICO CITY, July 21: A probe of the Mexico's 1995 bank bailout triggered a political storm yesterday, with the ruling party saying the government had been exonerated and the opposition claiming the report revealed abuse and corruption.

The independent probe found 72.7 billion pesos (7.27 million dollars) of "irregular" operations — or 1.1 per cent of the bailout — and six billion pesos (600 million dollars) in "illegal" operations.

Independent Canadian auditor Michael Mackay presented the report on Monday to legislators who had asked for a probe of FOBAPROA, the government's deposit insurance fund that absorbed billions of dollars in bad loans during the 1995 peso crisis.

Jorge Estefan, of the congressional Audit Committee, told journalists the 300-page document contained no claim

ties."

The report mentions 18 banks that had been privatised between 1991 and 1992 under the government of Carlos Salinas, which had been widely accused of corruption and influence.

The document says that the banks were given to inexperienced individuals who proved they were not up to the job.

The audit covered the period up to June 1998, when the bailout was worth \$5 billion dollars, though Standard and Poor's said recently that interest on the original loans increased the amount to \$84 billion dollars.

Opposition parties claim that the rescue program largely served to protect companies close to the ruling Institutional Revolutionary Party (PRI).

In preparing the report, Mackay did not have access to documents that deal with Banco Union, the failed bank.

ASEAN's dented credibility on rise, say FMs

SINGAPORE, July 21: The credibility of the Association of Southeast Asian Nations may have been dented during recent economic and political crises, but its image is improving.

ASEAN's lustre is slowly being restored," said Foreign Minister Sharmugam Jayakumar as he prepared to host the group's annual meeting.

"We are beginning to see some signs of sustained recovery" from the financial crisis that has battered Asia for the past two years, Surin said.

Countries outside the region are also expressing similar confidence" in ASEAN, Surin.

The financial turmoil started after Thailand's baht currency collapsed in July 1997. Other currencies and stock markets around the region were quick to follow.

Jayakumar said his policy had been to return to the tenets that "stood ASEAN in good stead over the past 32 years."

These tenets were consultation, consensus, noninterference in each other's affairs and non-use of force to settle disputes," he said.

The first foreign minister to

arrive Wednesday was Hor Nam Hong, representing Cambodia, which is attending for the first time as a full member of ASEAN. After a recent visit to North Korea, he was expected to contribute greatly to discussions about security on the Korean Peninsula.

"I will address the foreign ministers bilaterally on our view of the situation in both countries," he said upon arrival in Singapore.

Other security measures are also expected to arise, especially when ASEAN meets with the United States, Russia, China, Japan, South Korea and Indian foreign ministers next week.

ASEAN was developed to help reduce tension and prevent war in the region. Political disputes are usually handled by the foreign ministers and national leaders.

Brokerage houses raised their earnings estimates on IBM but the firms also warned that the stock could be ripe for a pause in the coming months after surging in the first half of the year.

ASEAN includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Thailand, Singapore and Vietnam.

The company's shares slipped Tuesday by 1.9 per cent from Monday's close to finish trading at 898.50 pence (\$14.20).

Dow, Nasdaq nosedive

NEW YORK, July 21: Stocks were hammered yesterday as the market was caught in the crossfire of a sell-off in the technology sector, reports Reuters.

The Dow Jones industrial average ended down 191.55 points, or 1.71 per cent, at 10,996.13, with pressure coming from big losses in two technology components — International Business Machines Corp IBM.N and Hewlett-Packard Co HWP.N.

It was the Dow's fifth-biggest point drop this year.

In the broader market, declining issues swept advances 2,043 to 870 on moderate volume of 752 million shares on the New York Stock Exchange.

The technology-heavy Nasdaq composite index plunged 98.1 points, or 3.47 per cent, to 2,732.18.

Nasdaq sank 6.5/16 to 128.7/16, a day after its cautious comments about future results offset its better-than-expected earnings.

Brokerage houses raised their earnings estimates on IBM but the firms also warned that the stock could be ripe for a pause in the coming months after surging in the first half of the year.

The company's reputation and credibility may have been dented, but one year from Manila, ASEAN's lustre is slowly but surely being re-

stored," Jayakumar said.

His sentiments were echoed by Thai Foreign Minister Surin Pitsuwan.

"This year we are in a better shape than last year, considering the crisis," Surin said upon arriving in Singapore.

"We are beginning to see some signs of sustained recovery" from the financial crisis that has battered Asia for the past two years, Surin said.

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