

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, Vidhesh 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 rise 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 \$1.4 billion of the initial \$13.5 billion loan received from the IMF during the third quarter of this year.

South Korea has received \$19.5 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' pre-tax profit for the first half of last year was 294 million pounds (\$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, reports AFP.

Under a hard-fought compromise, the WTO's 134-member general council agreed in an informal session that former New Zealand prime minister Mike Moore and Thai Vice Premier Supachai Panitchpakdi would serve successive three-year terms.

Moore, who was backed by the United States and many European countries, would hold the post for the first three years, until September 1, 2002.

Supachai, strongly backed in Asia, will then take over, providing he is still available for the job.

Neither man would be eligible for reappointment, nor could his term of office be extended, the compromise text said.

"They are two very qualified candidates. The United States supports the joint mandate,"

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

However, among the 30 speakers at the meeting, some said the process had left a bitter taste, while others called it a feeble compromise.

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

Morocco opined that splitting 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 wholeheartedly 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 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).

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

observers said. The fraught question of which and how many deputy directors general 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.

Each then claimed to have enough support to be handed the post by consensus—the preferred WTO procedure—resulting in a face-off that dragged on without any sign of a solution until Tuesday's compromise deal.

Moore, 50, is known as a tough-talking, no-nonsense negotiator who hauled himself up the political ladder from a menial background as an uneducated labourer.

He served as New Zealand prime minister for just 10 weeks before his Labour Party suffered a crushing election defeat in October 1990. But he has also been foreign minister and trade minister, energetically

pushing a free commerce agenda.

Supachai, 52, has cultivated a reputation as a free-trade advocate after studies in Britain—one of the few European nations to give him support for the WTO job—and the Netherlands.

He honed his credentials with key jobs in Thailand's finance industry and government and rode the heels 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 17.2 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 Téllez, 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 producers group were to signal it was considering raising production early instead of maintaining standing export limits.

"If people got the impression for example that, come September, OPEC might feel the need to release the reins a little bit, the downside could be substantial," he said.

But if that doesn't happen, there is still mileage in this market. If I were an OPEC minister I would be keeping very quiet," he told Reuters in an interview.

Warwick said unusually large long positions on the New York market held by speculative funds signalled the possibility of a bearish flight from the market if traders lost confidence in OPEC output cuts.

Venezuelan Oil Minister Ali Rodríguez said last Friday that if necessary OPEC could move earlier than scheduled to relax its output cuts when it next meets in Vienna in September.

"We do not rule out taking corrective measures nor maintaining the (oil supply) measures," he said of the meeting.

The output limits, taking nearly four million barrels per day of OPEC oil from the market, are due to run until the end of March 2000.

Other ministers from the Organisation of the Petroleum Exporting Countries have said they have no intention of relaxing the restrictions.

Kuwait said on Tuesday oil exporters were not considering cutting the size or duration of 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 Saud 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, reports AFP.

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 Mackey presented the report on Monday to legislators who had asked for a probe of FOABPROA, 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

"or illegal or corrupt action being carried out by the authorities."

The legislator of the ruling Institutional Revolutionary Party (PRI), said the probe showed "exclusively irregularities for undue acts carried out" by those who managed the banks that were rescued by the government.

But Marcelo Embrand, an independent legislator who also sits on the committee, said the report demonstrated that the 1995 bank bailout resulted from "serious political errors by the government" and that the process included "wide margins of abuse and corruption."

Gregorio Fernandez, who heads of Citizens' Association of Bank Debtors said the document clearly showed the government was to blame for bungling the 1991-1992 bank privatisation and that authorities "allowed the banks to commit numerous irregularities."

The report mentions 15 banks that had been privatised between 1991 and 1992 under the government of Carlos Salinas, which had been widely accused of corruption and influence peddling.

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 \$4 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, Mackey did not have access to documents that deal with Banco Union, the failed bank.



Zafar Ahmed Chowdhury, Chairman of United Commercial Bank Ltd, speaks as chief guest at the managers' conference of Khulna area branches recently. K C Rezaul Huq, Managing Director, and Hamidul Huq, Adul Managing Director, are seen in the picture. — UCBL photo

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 foreign ministers said Wednesday, reports AP.

"ASEAN's luster is slowly being restored," said Foreign Minister Shanmugam Jayakumar as he prepared to host the group's annual meeting. Singapore's one-year chairmanship of the 10-nation group will go to Thailand at the end of the meeting.

"We have had a turbulent, yet challenging year," Jayakumar said, winding up a gathering of senior officials who met for two days to prepare the agenda for the foreign ministers.

"I am happy to note that ASEAN has emerged from the financial and economic crisis in better shape than last year."

"ASEAN's reputation and credibility may have been dented, but one year from Manila, ASEAN's luster 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.

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."

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, Russian, Chinese, Japanese, South Korean 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.

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

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 and Hewlett-Packard Co HWP.

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 98.11 points, or 3.47 per cent, to 2,732.18.

IBM 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.

Hewlett-Packard fell 5-3/4 to 110-1/2.

The software giant Microsoft Corp. MSFT.O meanwhile was off 5-1/16 at 93-5/16 after its earnings beat Wall Street's expectations but it warned of slower growth ahead.

Investors will turn their attention on Thursday to Federal Reserve Chairman Alan Greenspan's Humphrey-Hawkins testimony before Congress for any clues on future interest rate increases.

But last week's economic numbers, which showed there was no threat of inflation, have all but vaporised fears of more interest-rate hikes by the Fed in the near future.

Wall Streeters doubted whether companies can keep delivering the expectation-topping earnings that have pushed major stock indexes to record levels as recently as last Friday.

A troubling market indicator for some analysts was the wide margin that declining stocks outpaced advances on the NYSE.

But other analysts noted that despite the market's sharp drop, they did not yet see signs that a major break was imminent, pointing to the subdued trading activity.

Exchange Rates

Following are yesterday's Standard Chartered Bank rates of major currencies against Taka:									
Central bank USD/BDT rate: Buying-BDT49.35/Selling-BDT49.65									
Selling		Currency		Buying		Currency		Buying	
TT/OD	BC	TT	Clean	OD	Sight	OD	Transfer	OD	Transfer
49.7300	49.7700	USD	49.3200	49.1566	49.0707				
0.4280	0.4284	JPY	0.4035	0.4022	0.4015				
32.4418	32.4679	CHF	31.8235	31.7180	31.6014				
29.9705	29.9946	SGD	28.3399	28.2460	28.1967				
34.2753	34.3028	CAD	32.2016	32.0949	31.9762				
5.9244	5.9292	SEK	5.8581	5.8387	5.8264				
34.1794	34.2069	AUD	29.9274	29.8282	29.6289				
13.2278	13.2385	MYR	12.8421	12.7995	12.7672				
6.4589	6.4641	HKD	6.3065	6.2856	6.2722				
13.3676	13.3783	SAR	13.0459	13.0277	12.9697				
13.6516	13.6626	AED	13.3161	13.2719	13.2380				
0.0418	0.0419	KRW	0.0411	0.0410	0.0409				
78.5485	78.6117	GBP	77.0625	76.8071	76.5258				
52.0474	52.0893	EUR	51.1103	50.9409	50.8520				

Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Thai Baht	Mal Ringgit	Indo Rupiah	Sing Dollar
43.15/43.25	51.75/51.75	37.16/37.20	3.7955/3.8005	6880/6700	1.669/1.7003

US dollar

market was sluggish due to lower imports. Trading was dull and the greenback traded in a narrow range of BDT 49.6350 to BDT 49.6500. The call money market was quiet as ample liquidity persisted in the market. The demand for call money was slightly moderate and the call rate ranged between 5.75 to

Market commentary

On Wednesday, the demand for dollar in the local interbank market was sluggish due to lower imports. Trading was dull and the greenback traded in a narrow range of BDT 49.6350 to BDT 49.6500. The call money market was quiet as ample liquidity persisted in the market. The demand for call money was slightly moderate and the call rate ranged between 5.75 to 6.00 per cent.

In the international markets, dollar was weak against yen despite the Bank of Japan's dollar-buying intervention. Top Japanese financial diplomat Haruhiko Kuroda confirmed that the Bank of Japan sold yen for dollar at a rate of 118.70. Market players expressed the opinion that such interventions are frequent then these movements will have less significance. The euro also registered significant gains against dollar after the unexpectedly strong German confidence data confirmed a shift in market sentiments.

At 1630 hours local time, US dollar traded at 1.0456/63 euro, 118.94/119.02 yen and GBP at 1.5740/50 USD.

Shipping Intelligence

CHITTAGONG PORT

Berth position and performance of vessels as on 21.7.99

J/6	Cemerlang	Sugar (G)	DURB	OWSL	10/6	26/7	
J/7	Ovrukh	C.Clink	JAKA	OLM	14/7	25/7	
J/8	Teresa Prestige(48)	Wheat (G)	SEA H	YANGVEVERETI	25/6	27/7	
J/9	Min Jiang	Gr	SING	BDSHIP	28/6	26/7	
J/10	Kota Naga	Cont	SING	PTL (BD)	12/7	21/7	
J/11	Sheng Mu	Wheat(P/G)	SING	MSA	4/7	30/7	
J/12	Achiever	Cont	SING	RSL	16/7	23/7	
CCT/1	Bunga Mas Lapan	Cont	PKEL	EOSL	14/7	21/7	
CCT/2	Jurong Balsam	Cont	Sing	Nol	16/7	24/7	
CCT/3	Banga Biraj	Cont	SING	BDSHIP	19/7	23/7	
RM/14	BUTI	Cement	-	ABLE	R/A	26/7	
RM/15	Sarah-1	Rice(P)	-	SMSL	R/A	25/7	
GSJ	Alert	C.Clink	-	TAIW	RML	8/7	24/7
GSJ	Al Bauraq	C.Clink	-	PUKE	PSAL	10/6	27/7
TSP	Chopoi-1	C.Clink	-	NOTO SEACOM	14/7	28/7	
DOJ	Kemilau	R.Chos	-	TANJ	PSAL	13/7	30/7
DDJ/1	Tanary Star	Idle	-	PARA	PSAL	15/7	28/7
DDJ/2	A A Venture	Repair	MONG	CLA	16/6	22/7	
RM/8	Sea World	Repair	-	CCNL	R/A	5/8	
RM/9	Banglar Kallol	Repair	-	BSC	R/A	21/7	
SM-10	Tug Le Mecareux	Empty	Chand	Karna	R/A		
CUFJL	Flag Investors	Cement	Aden	BSL	9/7	23/7	
KAFCO (U)	Leona	Urea	Busa	Prog	17/6	24/7	