

Protest against call for liquidation of three 'sick' banks

Bank employees besiege Indian confederation of industries

NEW DELHI, Dec 21: Hundreds of employees of three state-owned banks besieged the country's largest trade lobby yesterday to protest its call for the liquidation of the three 'sick' banks, reports AFP.

The workers also accused the Confederation of Indian Industries (CII) of 'sheltering' industrialists who allegedly owe around 500 rupees (11 billion dollars) to India's ailing banking sector.

Workers from Indian Bank, United Bank of India and United Commercial Bank marched to the CII headquarters in downtown New Delhi and raised slogans against its recommendations to the government, witnesses said.

'The CII should not fool around with the people and the government,' they said in a statement on the CII, a trade lobby of 3,500 top-and medium-level businesses which last week recommended the liquidation of the three banks.

The CII, which had said the three banks were living on 'ar-

tificial respiration' and called for their shut-down at a cost of 2.26 billion dollars, however, said the recommendation was withdrawn on Sunday.

'We on Sunday asked the government to delete the recommendation,' a CII spokeswoman said after Monday's protest.

The recommendations had stung not only the management of the three banks but also the powerful All India Bank Employees Association which on Saturday had threatened to expose the names of CII defaulters.

The union claimed top CII members including its President Rahul Bajaj alone owed a total of more than 10 billion rupees (232 million dollars) to public sector banks.

'The CII by deliberately releasing the report has contributed to the woes of the public sector banks which are already reeling under the impact of the failure of some of their members to repay the loans they had secured from the na-

tionalised banks,' it said.

The CII in a late night statement denied that Bajaj was one of the defaulters, but opposition members in parliament disrupted business on Monday and demanded a statement on the allegations.

CII Director-General Tarun Das, meanwhile, said the trade lobby had not spelt the liquidation recommendations under pressure.

'We asked the government not to consider these recommendations, keeping the sentiments of the banks, employees and management in mind.'

'Maybe we have not worked out a comprehensive plan for the closure,' Das conceded.

The CII chief declined to comment on the negative reactions of other rival trade bodies here to the CII's thorny proposals.

Another bank workers' union, meanwhile, flayed the CII on Monday.

The Bank Employees Federation of India alleged the CII's

proposal was part of a corporate plot.

'It is a clear that the industrialists of this country are responsible for making the banks sick and weak,' the Federation said.

'It is, therefore, not surprising that industrialists who owe huge sums to nationalised banks would recommend such action so that they are not called upon to fulfill their obligations towards (the three) banks,' a Federation spokesman said.

A Delhi-based union of banking officials staged a sit-in elsewhere in the city on Monday, the police said.

The Indian government is trying for a consensus on privatisation in the banking sector, which is a sensitive issue in a country used to decades of quasi-socialist central planning.

India's state-run banks are notorious for poor performance, inefficiency and labour problems.

Clinton admin yet to decide on Ex-Im Bank loan to Russia

WASHINGTON, Dec 21: The Clinton administration said yesterday it has not decided whether to block \$500 million in controversial loan guarantees being considered by the US Export-Import Bank for Russia's oil sector, reports Reuters.

The administration has been urged to block the funding for Russia's Tyumen Oil Co. to protest Moscow's military campaign against Chechnya and the Russian government's failure to protect foreign investment.

The US government has the right to block a transaction based on national interests, but no decision has been made on that,' White House spokesman Joe Lockhart said, when asked by reporters if the administration will invoke the US law to block the Ex-Im Bank loan.

The law gives Secretary of State Madeleine Albright authority to stop the loan if it is determined that Russia is violating human rights.

The State Department is reviewing whether that law should be applied in this case, and could step in to block the loan up to the time the Ex-Im Bank votes on the guarantees.

The bank's board was still scheduled to take up the loan during a closed meeting on Tuesday that is set to begin at 9:30 am (1430 GMT), an agency spokesman told Reuters on Monday.

Int'l banking system prohibits dollar payments in 3 states

AUCKLAND, Dec 21: The international banking system has prohibited all US dollar payments to banks in three Pacific countries — Nauru, Palau and Vanuatu — a document obtained by AFP today reveals, reports AFP.

Deutsche Bank Global Institutional Services and Bankers Trust say it is the first time they have taken such action.

Nauru has been accused of laundering up to 70 billion US dollars of Russian Mafia money.

The two banks operate the SWIFT international money transfer system and they say their action has been taken to prevent banks being 'abused by unlawful elements.'

The Ex-Im Bank was created in 1934 and provides funding and other financial assistance to promote US exports. The Bank guarantees the repayment of loans or makes loans to foreign purchasers of US goods and services.

Lockhart said the Ex-Im Bank is an independent agency that looks at loans based on 'Commercial viability and economic issues,' with politics supposedly left out.

Nonetheless, he said the White House sent the bank information last week about Tyumen that it thought was 'relevant' for the bank's decision making.

An Ex-Im Bank spokeswoman said on Friday the information was not new and had already been considered by agency staff, which has recommended that the loan guarantees be approved. She also said the administration did not include any suggestion how the bank should vote on the loan.

BP Amoco has urged the loan be voted down after losing a fight with Tyumen to gain control of Russian oil company, Chernogornet, a subsidiary of Bankrupt Sidanco. BP Amoco has a 10 per cent interest in Sidanco.

ROK conglomerates' debt-equity ratio down

SEOUL, Dec 21: South Korea's four largest conglomerates will meet the IMF's target of lowering their debt-equity ratios to below 200 per cent by the end of this year, financial authorities said today, reports AFP.

The average debt-equity ratio of the four conglomerates, including Hyundai, Samsung, LG and SK, came down to 254.6 per cent at the end of June from 352 per cent six months before, the Financial Supervisory Commission (FSC) said.

This figure is certain to fall below 200 per cent by the end of this month, FSC head Lee Hun-Jai said.

Lockhart made the report at a luncheon meeting of economic ministers, heads of the four business groups and 43 business firms and 30 financial institutions which completed corporate restructuring successfully.

The luncheon was hosted by President Kim Dae-Jung at the presidential Blue House to review the corporate and banking sector restructuring after the country was hit by a severe economic crisis in late 1997.

The lowering of debt-equity ratios is one of key conditions for a 57-billion-dollar international bailout arranged by the IMF (International Monetary Fund).



Best Aviation, the country's first private sector helicopter service, is making business in carrying foreign visitors to tourist places. A Japanese investors' team yesterday took the opportunity to see the countryside and jumped on board a chopper.

— Star photo

Oil prices slip as Iraq raises export

LONDON, Dec 21: Oil prices slipped a little yesterday as Iraq increased the flow of exports under the latest stage of its oil-for-food programme with the United Nations, says Reuters.

Benchmark Brent for February delivery in London closed down 22 cents at \$25.30 a barrel after leaping to a nine-year high above \$26 last Thursday.

On Sunday Iraq began exports from its northern Kirkuk oilfields via the Turkish Mediterranean port of Ceyhan under the seventh phase of oil-for-food, adding to supplies from the Gulf, Mina-al Bakr port.

Baghdad rejected Friday's UN Security Council resolution on sanctions, an article of which eliminated the cap on oil export revenues under oil-for-food.

Sources in Iraq said Baghdad would stick to the previous oil-for-food's sixth phase. Iraq took full advantage of a UN decision to waive the \$5.26 billion revenue ceiling on humanitarian grounds and eventually sold \$7.45 billion of oil.

Continuing to underpin oil prices on Monday was output restraint by OPEC and other major oil exporting nations.

US Energy Secretary Bill Richardson said last week that oil prices were dangerously high, and he was drawing up options for the White House to consider using to lower them.

But Richardson clarified his remarks on Tuesday by saying oil from the reserve would be sold only in the event of a national emergency and not to lower prices.

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major currencies.

Currency	Selling TT & OD	Selling BC	Buying T.T. Clean	Buying OD, Sight Export Bill	Buying OD Transfer
US Dollar	51.2300	51.2700	50.8100	50.6570	50.5850
Pound Stg	82.8287	82.8933	81.5907	81.3450	81.2294
Deutsche Mark	26.9400	26.9610	25.9138	25.8358	25.7990
Swiss Franc	32.6805	32.7060	31.9841	31.8878	31.8425
Japanese Yen	0.5025	0.5028	0.4930	0.4915	0.4908
Dutch Guilder	23.9097	23.9284	22.9989	22.9297	22.8971
Danish Krone	7.0255	7.0310	6.8690	6.8483	6.8386
Australians	33.4737	33.4986	32.1576	32.0608	32.0152
Belgian Franc	1.3062	1.3072	1.2564	1.2526	1.2508
Canadian \$	34.9741	35.0014	33.9684	33.8662	33.8180
French Franc	8.0325	8.0388	7.7266	7.7033	7.6924
Hong Kong \$	6.6054	6.6105	6.5251	6.5055	6.4963
Italian Lira	0.0272	0.0273	0.0262	0.0261	0.0261
Norway Krone	6.4565	6.4616	6.3516	6.3324	6.3234
Singapore \$	31.0372	31.0164	30.0867	29.9462	29.9035
Saudi Rial	13.6964	13.7071	13.5108	13.4701	13.4510
UAE Dirham	13.9869	13.9979	13.7958	13.7543	13.7347
Swedish Krone	6.02453	6.0501	5.9676	5.9496	5.9412
Qatar Rival	14.1176	14.1286	13.9194	13.8775	13.8578
Kuwaiti dinar	173.9854	174.2126	161.5223	161.0499	160.8170
Thai baht	1.3551	1.3551	1.3383	1.3343	1.3324
Euro	52.6901	52.7312	50.6880	50.5304	50.4585

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7112	50.3866	49.9632	49.5398	49.1163	48.2695

US dollar London Interbank Offered Rate (LIBOR)

Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
50.6980	51.2300	USD	6.46125	6.12	6.09125	6.19	6.03675
81.2294	82.8287	GBP	5.92125	5.9799	6.15734	6.52821	6.53781
Cash/TC	Cash/TC	Euro	35	34.5563	34.9	36.1	37.38

Exchange rates of some Asian currencies against US dollar

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesia Rupiah	Korean Won
43.4954/5.30	51.8855/1.90	37.8597/95	3.7995/3.8005	7070/7090	1134/1135

Amex notes on Tuesday's market

There was little change in the USD/BDT market rates moved between 51.10-51.11. The call rates have fallen a little, coming down to 5.25-5.75 per cent level.

The euro was trying to climb higher against the dollar as the market covered some short positions in case US assets react negatively to the outcome of FOMC. The euro stood at \$1.0138/48, a touch firmer than Monday's close of \$1.0130 but dealers said it faced stiff resistance around \$1.0145. The market was deadly quiet due to the Christmas holidays and are only exercising customer orders, dealers said.

Oil dealers said last week that individual customers export contract volumes were running about 35 per cent lower than under the final quantities of the previous phase of oil-for-food.

In oil-for-food's sixth phase Iraq took full advantage of a UN decision to waive the \$5.26 billion revenue ceiling on humanitarian grounds and eventually sold \$7.45 billion of oil.