

OECD vows to improve access to banking information

Focus on outlawing anonymous accounts

PARIS, Apr 13: OECD member countries pledged yesterday to try and improve access to banking information and outlaw anonymous accounts, backing a report warning that secrecy laws foster tax evasion as cross-border capital flows increase, says Reuters.

The report, endorsed by all 29 countries of the Paris-based Organisation for Economic Co-operation and Development, including all 15 European Union states and Switzerland, aims for better cooperation in tracking cross-border income within three years.

It seeks to ban anonymous bank accounts, which exist in two OECD states — Austria and the Czech Republic — and advocates members change laws where needed to let tax authorities access banking details and pass them to foreign tax bodies on request.

While the measures are non-binding, Austria has already committed to abolish anonymous bank accounts and other members had vowed to discuss how they could comply without undermining banking privacy rules, OECD officials told a

news conference.

"Bank secrecy towards governmental authorities, including tax authorities, may enable taxpayers to hide illegal activities and to escape the taxes established by their parliaments," OECD Fiscal Affairs Committee Chairman Gabriel Makhlof said.

"While taxpayers operate in an increasingly borderless world, tax authorities must continue to observe national boundaries. Enhanced international cooperation is necessary for effective application of tax laws in this new environment."

The report comes amid a deadlock over a proposed EU savings tax aimed at curbing tax evasion, with resistance from Britain over cost and objections from Germany, Austria and Luxembourg that it would violate their bank secrecy laws.

Makhlof said the OECD report would not directly affect that debate as it concerned giving tax authorities limited powers to access information relevant to their tax inquiries whereas the EU is seeking to establish an automatic exchange of information.

Switzerland's support for the new measures is notable, given it has some of the most stringent bank secrecy laws in Europe.

Switzerland is also a key signatory. It is the only OECD country where bank information can be obtained only by judicial authorities where they

suspect fraud, and not by tax officials.

"What is important is that we have a consensus to explore these issues and have a dialogue that will lead to results," Makhlof said. "Switzerland, like the other 28 members, has agreed to participate in dialogue which is the key thing."

He stressed that the report did not seek to scrap secrecy laws, and underlined the need to protect the confidentiality of financial affairs outside of tax inspections.

He also noted that it did not extend to the routine exchange of information and would not give tax authorities the power to "fish for information" that was not linked to their inquiries.

Swiss bankers in Bern said that given the report contained no punitive sanctions, it would not mean major changes for their clients nor undermine the country's stiff banking secrecy rules.

In Switzerland, as in Luxembourg, as in Austria, the identity behind the famed numbered accounts which figure in countless spy thrillers is known to the bank holding the account.



Currently on a world tour as the "Pennsylvania Ambassador for Love, Peace, Fun, and Curing Cystic Fibrosis," Emirates' furry passenger, Burke P Bear, gets the VIB (very important bear) treatment on board, with a special pot of honey from new cabin crew members (clockwise from top left) Claire Wright, Kirsten McColl and Elisa Ricci, Rebecca Rees and Amanda Jones. Burke is one of the Boyd's Bears Collection, named after teddy bear collector Burke Derr, who died in 1997 of Cystic Fibrosis (CF), the most common fatal genetic disease of childhood, affecting the lungs and digestive system. The travelling teddy is a major part of the Pennsylvania Cystic Fibrosis Inc's "Million Dollar Bear" campaign to raise US \$1 million for CF research by the end of 2000 — the year Burke would have graduated from college. His tour is taking him to each state in the US and around the world.

— Emirates photo

Business Briefs

Sharp rise in S'pore shipping traffic

SINGAPORE, Apr 13: Stronger economic growth in Asia and lagging effects from the century date change helped boost traffic at the Port of Singapore Authority Corporation's port operations by 15.4 per cent in the first quarter compared with a year earlier, the company said yesterday.

The surge was capped by record volume in March as PSA, Singapore's government-owned port authority, handled 1.5 million twenty-foot equivalent units, or TEUs. That was the highest monthly volume for any container port operator in the world, the company said. Twenty-foot (6-meter) shipping containers are used to measure port traffic.

But the sharp increase in shipping traffic is not expected to continue, PSA Chairman Yeo Ning Hong said at the company's annual meeting.

"I'll be happy if we see 10 per cent growth this year," he said. Shipping volume increased 5.3 per cent in 1999.

China strikes WTO pact with Malaysia

BEIJING: China and Malaysia have signed an agreement on China's entry into the World Trade Organisation, leaving just seven WTO members who have yet to approve China's bid to join the trade group.

The agreement was signed Wednesday in Malaysia by China's trade minister, Shi Guangsheng, and his Malaysian counterpart, Rafidah Aziz, the state-run Xinhua News Agency said.

China still requires agreements with the European Union, Costa Rica, Ecuador, Guatemala, Latvia, Mexico and Switzerland before it can join the group that makes rules for world trade.

China hopes to join this year after 14 years of trying.

Seagate revenue hits all-time high

SINGAPORE: Seagate Technology said Thursday that its third quarter revenue from the Asia-Pacific region reached an all-time high of 30 per cent of total revenue, breaking the previous high of 25 per cent in the December quarter.

The disk-drive maker's revenue for the third quarter ended March 31 was US \$1.57 billion, down 13 per cent from a year ago.

Third-quarter total net income was US \$136 million, or 58 cents a share, 66 per cent above the US \$82 million, or 34 cents a share, a year ago.

Chief financial officer Charles Pope, however, said expected healthy sales in North America for the fourth quarter would overshadow any further rise in percentage terms for the Asia Pacific.

"On an absolute basis, it will continue to grow," he said referring to Asia-Pacific sales.

eTrade reports operating profit

MENLO PARK, Apr 13: Online brokerage eTrade Group Inc. reported an operating profit in its fiscal second quarter even though it had a net loss due to merger costs and other charges.

The company recorded a \$1.3 million profit from ongoing operations in the three months ended March 31, versus a \$13.3 million operating loss in the same period last year.

Including charges and other costs related primarily to mergers, eTrade registered a net loss of \$23.2 million, or 8 cents per share, during in the quarter. The company reported net earnings of \$8.5 million, or 3 cents per share, in the same period in 1999.

Analysts surveyed by First Call/Thomson Financial had forecast a net loss of 6 cents per share.

eTrade benefited from a wave of individual investors opening online accounts to buy and sell stocks.

Source: AP

Japan to seek more voting power for Asia in IMF

TOKYO, Apr 13: Japan will seek a redistribution of voting power within the International Monetary Fund (IMF) at key international meetings this weekend, reports Reuters.

It wants voting in the fund to better reflect the economic power of Asia, which it sees as under-represented in the IMF's shareholder structure.

Japan's top financial diplomat, Haruhiko Kuroda, said the IMF's current quota distribution voting rights and representation for Asia on its board is limited despite the increased importance of Asian economies.

To make the IMF more legitimate as a global institution, it needs to have representation that reflects economic growth of member countries. That's indispensable for the IMF to do its job well," he told Reuters in an interview on Wednesday.

"I will keep pressing the issue," said Kuroda, who is vice finance minister for international affairs. Japan is to take up the issue at a meeting of the Group of Seven (G7) finance ministers and central bankers on Saturday and at the International Monetary and Financial Committee on Sunday.

So far Japan has not proposed any specific new figure for Asian voting power.

Members of the IMF's 24-member Executive Board have voting rights intended to reflect economic power, with some so-called "constituencies" of countries represented by a single board member. Japan, the world's second-largest economy, now has six per cent of the vote and other parts of Asia some 11 per cent.

Europe has 37 per cent and the United States 17 per cent.

Kuroda said the focus of the weekend meetings was to make further progress in discussions to reform the Washington-based lender to better reflect changes in the global economy.

He does not expect conclusions this weekend on all the reform proposals on the agenda, but hopes to see most of them carried out by the time Japan hosts a

summit in July.

Kuroda said he hoped the G7 nations would endorse recent recommendations by the Financial Stability Forum, such as a call for more public disclosure by highly leveraged financial institutions, including unregulated hedge funds.

The forum was set up by the G7 early last year to promote soundness in world markets and the banking system after financial turmoil in Asia and Russia and market turbulence caused by the near-collapse of a US hedge fund.

Kuroda also said the IMF should be reformed to more closely monitor the huge, abrupt capital flows that many in Asia blame for the region's financial crisis that began in July 1997.

As a way to improve the IMF's functions to better reflect developments in the global economy, Kuroda said the IMF should streamline its lending facilities, including scrapping those that were no longer needed.

Sentiment found support

LONDON, Apr 13: World oil prices steamed higher yesterday, stemming recent losses and shrugging off an increase in fuel stockpiles in the United States, says Reuters.

The basket price stood at \$21.35 per barrel on Tuesday, up \$1.45 cents a barrel on London's International Petroleum Exchange.

In the United States, NYMEX May crude futures advanced \$1.27 to end at \$25.41.

The gains followed a slide of almost \$4 since a decision in late March by the Organisation of Petroleum Exporting Countries (OPEC) to increase production and adopt the price band mechanism, but added that he was not worried by the current price of oil.

from comments by Venezuelan Energy and Mines Minister Ali Rodriguez that OPEC could alter its production levels before it meets in June if the 20-day average price of its crude oil basket moves outside the target \$22-\$28 range.

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Fear of co's revenue shortfall

Microsoft shares battered

SEATTLE, Apr 13: Shares of Microsoft Corp. fell 5 per cent Wednesday after a top analyst said the software company's earnings would be affected by low demand for personal computers, says AP.

Rick Sherlund, an analyst for Goldman, Sachs and Co, issued a report early Wednesday indicating he was lowering his prediction for Microsoft's third-quarter revenue based on sluggish corporate PC sales.

"We don't have a real clear picture of March (PC sales)," Sherlund said. "Right now, it looks like it wasn't quite as good as we hoped for, and that hurts Microsoft."

Sherlund reduced his revenue estimate for the quarter to \$5.75 billion, down from \$5.95 billion. That still represents an increase of \$1.42 billion, or 33 per cent, from the \$4.33 billion earned in they year-ago period.

The consensus estimates for Microsoft's earnings per share is 41 cents, up 6 cents from reported earnings a year ago.

First Call/Thomson Financial reported.

Sherlund said reduced revenue might knock 2 cents per share of that estimate, but added that Microsoft's investment portfolio could make up the difference.

No other analysts have reduced their expectations for the company's third-quarter performance.

Eleven analysts surveyed by First Call/Thomson Financial continue to rate Microsoft as a "strong buy" and 17 others as a "moderate buy."

Shares of Microsoft have tumbled 25 per cent since April 3, when a federal judge ruled that Microsoft violated antitrust law. Its 52-week-low is \$75.50, which it hit last May, and it's well of its 52-week high of \$119.93 on 3/4.

Sherlund said concerns over the Year 2000 problem kept

companies from purchasing a steady stream of new PCs. Microsoft earns license fees for every PC sold with a Windows operating system, and Windows comes installed on the vast majority of new computers.

"PC growth was very sluggish in November through February, and while it accelerated in March, it does not appear to have occurred fast enough," Sherlund wrote in his report.

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WGC advice to weather smuggling

Egypt should liberalise its gold industry

CAIRO, Apr 13: Egypt should deregulate its gold industry if it wants to emerge shining from the murky world of smuggling, a World Gold Council executive said, reports Reuters.

"They (the Egyptians) have privatised and deregulated all (other) sectors. Why is this sector neglected?" asked Moaz Barakat, the council's regional director.

"If Egyptian goldsmiths did not smuggle bullion, they would not be able to work in this trade," Barakat told reporters.

He said a kilogram of smuggled gold was 1,000 Egyptian pounds (\$290) cheaper than officially imported bullion.

The government levies a duty of 1,200 pounds per kg on imported bullion, as well as taxes of one to 1.5 per cent.

Barakat said the council was not asking for jewellery to be exempt from duty or tax but said raw gold should be exempt.

Egypt, with total demand estimated by the World Gold Council

Council at 125 tonnes last year, is the Middle East's second biggest gold market after Saudi Arabia.

Barakat cited Turkey as a country which turned itself from a big importer into a net exporter of gold between 1991 and 1996.

The Turkish industry has shifted from being unofficial to official after slashing tariff and taxes on bullion to zero," he said. "Turkish banks are allowed now to import and lend gold. Why are Egyptian banks denied the right to lend gold?"

World interest rates on gold loans average three per cent against about 15 per cent charged on loans in Egyptian pounds, he said.

Egypt's state Stamping Authority stamped only 18 tonnes out of the 125 tonnes of gold processed here in 1999, according to World Gold Council estimates.

Barakat acknowledged the difficulty of assessing Egypt's gold demand.

Protesters attack World Bank in spoof newspaper

Wolfensohn quits, it says

WASHINGTON, Apr 13: A spoof newspaper tried to fool readers yesterday that World Bank head James Wolfensohn resigned in a "last ditch effort to avoid hell" as US Treasury Secretary Lawrence Summers danced in his praise, reports Reuters.

Such was the news found fit to print in "The Washington Lost," a send up of the Washington Post, put out by organisers arranging mass demonstrations this week in Washington against the World Bank and the International Monetary Fund.

Why would Wolfensohn worry about hell? The paper explains by quoting "president Clinton as tanking the World Bank leader for his 'tireless efforts to make sure Third World peasants pay back every damn penny their dictators borrowed.'

Another story spoke about plans for an international mega-merger of Brazil and Argentina — Brazilina.

The new country, Brazilina, will be governed by a Board of Directors composed of the four richest citizens from each ex-nation, with Brazilian television star Xuxa acting as tie-breaker and omnibuswoman.

Swipes were also taken at the IMF, which has