

Japan, S'pore to sign free trade deal in '01

TOKYO, Oct 22: Leaders from Japan and Singapore on Sunday agreed to sign a free-trade agreement by late next year that would become Japan's first bilateral trade accord and Singapore's second, a government official said.

Until now, Japan has entered only multilateral foreign trade agreements. Instead of establishing trade agreements with individual countries, it traditionally has negotiated through the World Trade Organisation, Minami said.

The accords would probably cover such topics as cross-border investment and customs duties, said Minami. In their meeting, however, Goh and Mori did not discuss what items would be included in next year's talks, he added.



Singapore Premier Goh Chok Tong (C) gestures in his press conference with Foreign Minister S. Jayakumar (L) and Trade and Industry Minister George Yeo (R) at a hotel in Tokyo yesterday following his meeting with Japanese Prime Minister Yoshiro Mori where they agreed that the two countries would conclude a free trade agreement by the end of next year. -AFP photo



Job-seekers fill up registration forms at "Job Fair 2000" in Bangalore yesterday. The three-day fair, organised by a leading Indian employment portal, aims at bringing premier recruiters and prospective clients under one roof and providing a platform for job-seekers to explore employment opportunities with a worldwide clientele comprising of global corporate houses. A recent survey conducted by the portal shows that 33 per cent of the 50 million English speaking Indian people in the age group of 22 to 25 years are jobless. -AFP photo

Airlines preparing for post-WTO Chinese market

BEIJING, Oct 22: While domestic airlines are busy preparing for the country's accession to the World Trade Organisation, foreign airlines have shown even stronger interest in China's civil aviation market, says Xinhua. "The market is on the verge of a boom, due to the country's fast economic growth and its pending accession to the WTO," "China Daily" quoted Robert Webb, a general council member of the British Airways, as saying.

China unveils policy to develop its lagging west

BEIJING, Oct 22: China has unveiled more detailed policies as part of a broad plan to encourage investment in its lagging western hinterland, state media said today, reports Reuters. In March, Chinese policymakers set a goal of developing central and western provinces, which have fallen behind booming southern and coastal areas. The latest basket of measures include allowing more foreign investment in the banking, service and retail sectors, the China Daily newspaper and official Xinhua news agency said. They gave no specific details but China has already pledged to open these sectors to more foreign investment after entry to the World Trade Organisation. Wang Chunzheng, vice minister of the State Development Planning Commission, was quoted as saying foreign banks would "gradually" be allowed to handle domestic currency business in 11 western provinces and regions. Foreign banks are now largely confined to conducting vnan business in the eastern city of Shanghai and southern cities of Shenzhen and areas surrounding the two cities, although WTO entry will ease those restrictions. China, would also direct more government "policy" loans to the west as well as international preferential loans, Wang said. Analysts have raised concerns that the bad loans of domestic banks could rise if the government forced them to lend to commercially questionable projects in western China.

Top Japanese insurers plan alliance

TOKYO, Oct 22: Major Japanese insurance companies Nippon Life Insurance Co., Mitsui Marine and Fire Insurance Co. and Sumitomo Marine and Fire Insurance Co. are finalising a plan to form a broad alliance, media reports said Sunday, reports AP. The alliance would include product distribution and computer system development, the national Asahi Shinbun newspaper reported, adding that a formal announcement was expected within the following few days. Company officials were not immediately available for comment Sunday.

The three insurers plan to eventually form a comprehensive insurance group, but no immediate capital tie-up is expected, Kyodo News agency said. The move is aimed at strengthening the companies' businesses and streamlining operations following alliance announcements by rivals, media reports said.

In September, No. 1 Japanese non-life insurer Tokio Marine and Fire Insurance Co., Nichido Fire and Marine Insurance Co. and Asahi Mutual Life Insurance Co. announced a comprehensive alliance to integrate operations. Also, Dai-ichi Mutual Life Insurance Co. and Yasuda Fire and Marine Insurance Co. announced a business alliance in August. Sunday's reports said the three insurers will market each other's products under their own brands.

Products developed by Mitsui and Sumitomo, which plan to merge in October 2001, will be sold by a Nippon Life subsidiary to be launched in April, Asahi said. A subsidiary of the Mitsui Sumitomo alliance will market products developed by Nippon Life, Japan's top life insurer. Mitsui and Sumitomo are Japan's third and fourth largest non-life insurers. The three insurers are also considering jointly setting up a subsidiary to develop and manage a common computer system for their sales forces, Kyodo quoted unidentified sources as saying.

Japan's financial industry is still reeling from the collapse of speculative bubbles in the nation's stock and property markets more than a decade ago. Insurance companies have also been hurt by falling interest rates, which have left them earning less on their assets than they are paying out to customers holding interest-bearing policies as investments.

Korean Air pilots go on strike over pay

SEOUL, Oct 22: Korean Air pilots went on strike today after the company rejected their demand for 44 per cent wage increase, a union spokesman said, reports Reuters. South Korea's first walkout by pilots paralysed most of the fleet of 107 aircraft flying to over 78 cities in 29 countries, company spokesman Shin Mul-chol said. "Aircraft for all our long-distance air services are grounded from this morning," Shin said. "International services by a handful of non-union pilots, mostly foreign pilots, are limited to routes linking to Japan and China." All domestic flights by the flagship carrier had been cancelled except for passengers to the resort Cheju Island, he said. But spokesmen for the two parties said they were still in talks which had seen "considerable" progress so far. "The management has offered some increase in allowances for flying time," said Ha Hyo-yeol, spokesman for Korean Air's 1,330-strong pilot union, which represents more than 80 per cent of the company's pilots. "But that is not enough." Company spokesman Shin said the pilots' union and the company had considerably narrowed differences on many issues and an agreement was possible at any moment. "We feel the negotiations are now at their final stage," Shin said. "The settlement appears possible even today."

Local media reported government minister related to the transportation industry would meet in the morning to discuss the strike. The union said it had voted to strike after management turned down demands for higher wages and better working conditions as "absurd". KAL's management said acceptance of the pilots' demand for a 44 per cent wage increase would undermine the company's financial status with a 126 billion won (\$11.4 million) to 290 billion won rise in operating expenses.



Korean Air aircraft grounded at Kimpo airport in Seoul yesterday due to the strike by the cockpit crew of the national flag carrier. Angry passengers attacked Korean Air officials as pilots of the embattled South Korean carrier launched a wage strike, forcing the airline to cancel nearly all its flights. -AFP photo

Weekly Currency Roundup Asian units fall amid gloomy outlook against dollar

HONG KONG, Oct 22: Most Asian currencies fell over the past week, with the widely-watched Japanese yen drifting lower against the dollar amid worrying corporate bankruptcy data and a late rally in US stocks, and the beleaguered Australian and New Zealand dollars topping to record lows over the week, says AFP. The Philippine peso also hit a record low during the week, affected by allegations Philippine President Joseph Estrada received huge payoffs from operators of illegal gambling rackets. The Japanese yen drifted lower against the dollar over the past week, dampened by gloomy corporate bankruptcy data and a rally in US shares toward the end of the week. The Japanese unit stood at 108.54 to the dollar late Friday, down from 107.72 to the dollar a week earlier. The yen opened the week lower as private credit research agency Itekoku Databank reported the number of corporate bankruptcies in September rose 9.5 per cent from a year earlier. The yen fell to 108.09 to the dollar late Monday. After moving narrowly around the 108 mark, the Japanese unit tumbled on Friday after US share prices rebounded strongly. "A sense of security is spreading towards dollar buying," said a dealer at Mitsubishi Trust and Banking Corp. The closely-watched Wall Street rally also boosted Tokyo stocks but the gains were not seen as a reason to buy the yen, dealers said. There may be a chance eventually that the yen may begin to appreciate more tangibly, as the Japanese equity market may emerge as an alternative investment target for global portfolio managers, given the solid earnings recovery," said Yasuji Yamanaka of Nikko Trust and Banking Co Ltd. "But in the near-term, the dollar/yen is not likely to move out of the 105-110 yen trading range as the Japanese market is expected to continue to track the US trading pattern."

**Australian Dollar:** The Australian dollar is likely to continue languishing in the doldrums, increasing pressure on the central bank here to raise interest rates, or risk an inflationary outbreak, economists warned. The Aussie dollar dipped to a series of new lows in quick succession during the past week, and has now lost more than 20 per cent of its value against the greenback so far this year. The battered Aussie, which bounced sharply Friday, came to rest at 52.79 US cents at the close of trading after gaining almost a cent. It closed last week at 53.03, before sinking below the 52 cent barrier in a pummeling also experienced by the euro. "It got a bit of a lift this morning with a lot of people buying the euro," IBJ Australia foreign exchange manager Steve Chater said of Friday's bounce. "It's been a pretty good day with some offshore buying, fresh buying coming in the market."

**ComSec chief economist Craig James** said that despite the rise, investors were unlikely to develop an appetite for the Australian dollar in the coming week. "The weak Australian dollar will remain a source of inflationary concern for the Reserve Bank," James said. Although there is little support for the notion that the dollar is out of the woods yet, there is some basis for speculation it may stabilise. "There seems to be a bit of a feeling that there's a base formed in the Aussie and possibly the euro as well with today's price action," MMS Standard and Poor's Glen Bull said. **New Zealand Dollar:** The New Zealand dollar closed the week at 39.97 US cents, down from the close of 40.23 cents a week earlier, but up on its midweek record lows. "One currency dealer said it was a key day for the Kiwi and he did not expect it to set a new low again in the medium term. "More than just a nice solid up-day, I think we can say that in place we have a medium-term low for the New Zealand dollar. I don't think it's going to make a new low for some time," he said. On Thursday it touched a new low of 38.95 cents. **Singapore Dollar:** The US dollar was at 1.751 Singapore dollars in late trade here Friday from 1.7534 Singapore dollars a week ago. **Hong Kong dollar:** The dollar traded slightly lower at 7.7966/7.7976 to the greenback compared with the previous week's 7.7958-7.7963. **Indonesia Rupiah:** The Indonesian rupiah closed the week slightly firmer at 8.888 to the dollar Friday, compared to 8.950 against the greenback a week earlier. **Philippine Peso:** The Philippine currency closed at 48.74 pesos to the dollar on Friday from 48.50 pesos to the dollar on October 13, amid allegations Philippine President Joseph Estrada received huge payoffs from operators of illegal gambling rackets. The currency fell to a record low of 49.00 to the dollar on October 16 before recovering later in the day. **South Korean Won:** The won weakened slightly from 1,128.1 won per dollar a week earlier to 1,129.10 to the greenback Friday. **Taiwan Dollar:** The Taiwan dollar slipped 0.5 per cent against the greenback over the week to close at 32.090 on Saturday in line with movements in the stock market, dealers said. The currency closed at 31.990 Monday and lost grounds to reach the 32 level to end at 32.260 Tuesday. It dropped to 32.383 Wednesday and finished at 32.325 Thursday. The unit rebounded to end Friday at 32.143. **Thai Baht:** The Thai baht slid against the dollar amid uncertainty ahead of elections, a fragile economic recovery and fluctuating oil prices, dealers said. The currency closed at 43.60-63 baht to the dollar compared to the last week's close of 43.55-58.

Exchange Rates

Table containing American Express Bank Ltd foreign exchange rates (indicative) against the Taka to clients, US dollar London interbank offered rate (LIBOR), and Exchange rates of some Asian currencies against US dollars.

Shipping Intelligence

Table containing Chittagong Port berth position and performance of vessels as on 22.10.2000, and Vessels due at outer anchorage.