ROK farmers battle riot police

Globalisation, falling rice prices, WTO rules protested

AFP, *Seoul*

South Korean farmers and labour activists battled riot police Sunday in violent protests against US-led globalisation and falling rice prices.

The violence erupted in a shopping district in Seoul when riot police stopped a march by thousands of protestors with placards denouncing the World Trade Organisation (WTO).

Hundreds of angry protestors brandished clubs and hurled bottles after condemning the WTO and the government of President Kim Dae-Jung.

Police fought back with truncheons, leaving dozens of people slightly injured on both sides.

The protestors accused the government of bowing to foreign pressure to open South Korea's agricultural market. They also urged the government to extend more state subsidies.

They slammed the United States for leading other food-exporting countries to press for the wider opening of South Korea's market to imports, shouting "We oppose globalisation."

South Korea is obliged to open its food market fully by 2004 under WTO rules. But farmers want the government to raise rice purchasing prices, which have tumbled due to growing stocks caused by two consecutive years of bumper crops and shrinking demand.

The rice mountain at state warehouses is to increase to some 1.4 million tonnes this year, up from 978,000 tonnes in 2000 and 723,000 tonnes in 1999.

PHOTO: AFP

South Korean farmers and workers hold a banner opposing the World Trade Organisation during a rally by 15,000 protestors in Seoul Sunday. Some protestors wore plastic rice bags or funeral clothing with slogans denouncing US-led globalisation and falling rice prices.

South Korea's Nov exports down 16pc

AFP, *Seoul*

South Korea's exports fell for the ninth straight month in November but the decrease has been easing off since July, officials of the Ministry of Commerce, Industry and Energy said Sunday.

Exports fell 16.3 per cent from a year earlier to 12.542 billion dollars, while imports slid 18.3 per cent year-on-year to 11.575 billion dollars, resulting in a 967 million dollar customs-cleared trade surplus.

That's the biggest monthly trade surplus since June's 1.21 billion dollars.

"After falling an all-time record 21.1 per cent in July, the fall in exports has been easing off," a ministry official said.

"We expect to achieve the government's forecast of a 10 billion dollar trade surplus for the whole year," he said.

During the 11 months to November, South Korea has piled up a 9.03 billion dollar trade surplus.

Exports of semiconductors fell 52 per cent in November, computers ere down 24 per cent, steel was down 13 per cent oil products dropped 39 per cent.

But car exports in November climbed one per cent to 1.28 billion dollars.

Bush calls upon Congress to pass stimulus plan

AFP, *Washington*

US President George W. Bush urged Congress Saturday to pass an economic stimulus package, a day after revised figures showed the US economy had taken its steepest dive in a decade.

In his weekly radio address, Bush outlined his plan to jump-start the flagging US economy, including aid to those who have recently lost their jobs and tax cuts he said will help create jobs.

"I asked for this job creation package on October the fifth ... Yet I'm still waiting for a bill to sign," he said, calling on Congress to approve a package as soon as possible.

Bush's remarks came after the Commerce Department reported a drop in the terror-scarred US economy in the July-September quarter that was far worse than first thought.

The grimmer measure of the US recession showed gross domestic product (GDP) fell at an annualized rate of 1.1 per cent, down from the original estimate of a 0.4-per cent decline.

It was the biggest drop since the first quarter of 1991, the department said.

Bush noted an official announcement Monday that the economy had been in recession since March was "no surprise" to many who had "lost jobs or seen their hours cut."

The president said the key to recovery was his package of aid and tax cuts, deeming the holiday season "a time to reach out to Americans who are hurting, to help them put food on the table and to keep a roof over their heads."

He urged "immediate assistance" through extended unemployment benefits and health coverage.

Bush maintained that job creation was key to long-term economic development and called for extensive tax cuts for businesses.

Republicans and Democrats in the US Senate have locked horns over the best way to accelerate growth.

The Senate's majority Democrats have proposed a 73 billion-dollar stimulus package. The Republicandominated House of Representatives last month backed a 100-billion-dollar measure, comprised mostly of tax cuts for industry.

Chinese mainland visitors revive HK tourist industry

AFP, *Hong Kong*

A group of mainland Chinese tourists laden with electronic goodies leave a store in Hong Kong's premier shopping district of Causeway Bay to a chorus of "Thank you, come again," from the shop assistants.

"It's our jobs," says Jonathan, "We need our compatriots or we won't have our job."

Jiang Junguo, a tourist from Beijing, was overwhelmed by the hospitality, saying "We're no longer the poor country bumpkin."

When Hong Kong's economy was booming in the pre-1997 Asian crisis days, mainland Chinese visitors were looked down on by shop assistants who regarded them as poor peasants.

Now the boot is on the other foot as Hong Kong looks to mainlanders to help revive flagging fortunes as it teeters on the brink of recession.

Visitors from China are proving a saviour amid a global tourism slump due to US-led economic slowdown which was further aggravated by the September 11 terrorist attacks on the United States.

"Hospitality" is now the watchword for Hong Kong's 300,000-strong travel services industry, which accounts for some five per cent of the territory's gross domestic product.

"We don't care where they come from as long as they have spending power, particularly at time when there is a tourism slump," said Joseph Tong, chairman of Travel Industry Council of Hong Kong.

"China is less affected by the September 11 terrorist attacks in the United States," he pointed out.

"China is a big market. Definitely, it is the market to depend on at time of global economic woes.

"When everything is going in the right direction and the political situation is steady, we are optimistic there will be a rebound in tourist arrivals," he said.

Hong Kong, nevertheless, has been less affected by the global tourism slump, compared to other countries in the Asia-Pacific region with outbound and inbound tours dropping some 3.0 per cent in October, said Tong.

"I'm optimistic, especially with China's ascension to the WTO, we will see more commercial traffic to Hong Kong," he said.

His optimism is not unfounded as starting this month Hong Kong is relaxing visa requirements for mainland business travellers and abolitishing quotas for tours, which had set a limit of 1,500 mainland tourists a day.

Abu Dhabi signs loan deal for power, water project

AFP, *Abu Dhabi*

Abu Dhabi Water and Electricity Authority (ADWEA) Saturday signed a 1.285-billion-dollar loan agreement with a consortium of 25 international and regional banks to finance its third independent water and power project.

The project provides for building a plant at Shuweihat, 250 kilometers (150 miles) west of Abu Dhabi, that will include a gas-fueled 1,500-megawatt power plant and a water desalination facility with a capacity of 100 million imperial gallons per day.

The plant is expected to come on stream in 2004.

British energy group International Power and US company CMS Energy, joint developers of the project, will operate and maintain power and desalination operations at the plant for 20 years.

The German group Siemens is leading the construction of the plant, which will cost 1.6 billion dollars.

Argentina slaps new limits on capital movment

AFP, *Buenos Aires*

Argentine Economy Minister Domingo Cavallo announced late Saturday new drastic limits on financial transactions, including bank withdrawals, in a bid to staunch capital flight.

"We will authorize only those payments that are related to foreign trade and conducted by businessmen whose legitimacy can be proven," Cavallo said.

He said the government will not allow people going abroad to take with them more than 1,000 dollars.

Moreover, Argentines will be able to withdraw not more than 250 pesos a week in cash from their bank accounts, though there will be no limits on amounts paid by check or credit card.

"The purpose of the measures is to prevent further capital flight from the country," Cavallo told reporters here.

So far this year, bank deposits have been reduced by a total of 13 billion dollars, according to government figures.

The figure for capital flight was at 400 million dollars for Friday alone, as Argentine citizens, skeptical of government-imposed economic reforms, pulled money in dollars and pesos out of banks to deposit in safe havens like Uruguay -- or stashing cash away under their mattresses.

Earlier, highlighting details of the measures pending Cavallo's announcement, Cabinet Chief Chrystian Colombo said that a partial freeze is to be placed on fixed-term bank savings and checking accounts and account holders.

"There will be restrictions on the use of cash," Colombo said. "People who save were frightened that the system is weak or that the government is going to devalue, but the government is going to dictate the norm in order to tackle the fear."

The cash flow measures will be enforced for the next 90 days, until Phase Two of Argentina's debt swap operation is completed, according to the government.

Banks will open their doors as normal Monday, Colombo said.

The restrictions on cash use "will be a means of calming Argentines," he added.

"The country will make a very significant effort in the next 90 days" during which the government will propose the conversion of all of the bonds it has issued, he said, whose value is estimated at around 95 billion dollars.

British finance industry gets new regulatory 'super cop'

AFP, *London*

The British finance industry starts work this week under the watchful eye of a new regulatory "super-cop", whose formidable new mandate makes it arguably the most powerful regulator of its kind in the world.

The shake-up aims to tighten controls after a series of scandals that rocked London's financial district, from the Bank of Credit and Commerce International saga to the Robert Maxwell pensions debacle to the destruction of the Barings merchant bank by a lone rogue trader.

The Financial Services Authority (FSA), brainchild of the British Labour government, pulls together a web of 10 different former regulators.

Born in 1997 after Labour came to power and decided to strip the Bank of England of banking supervision, the FSA now employs about 2,000 people and is responsible for overseeing some 10,000 firms and 180,000 workers, from banks to brokers, insurers to accountants.

No other regulator has such a far-reaching and powerful mandate, it boasts.

Under its new powers that came into effect over the weekend, the FSA will be able to strip companies of their authorisation and "name and shame" and impose unlimited fines on firms or individuals that break its rules.

Anyone involved in money laundering -- a prime target in the post-September 11 war against terrorism -- or "market abuse" such as insider trading can now be punished by the FSA.

Companies outside the financial sector but listed on the London Stock Exchange will also be liable to fines if they break stock exchange rules.

Though the FSA will not be able to send anyone to prison, it will be able to launch a criminal prosecution if the suspected offence is very serious, such as money laundering.

If its investigators, who include accountants, lawyers and even some ex-policemen, believe that a firm has broken its rules then the case is brought before a regulatory committee which will rule on the case.

Anyone found guilty can appeal the decision in a tribunal, which has court powers.

The changes have drawn criticism from some financial circles, notably from smaller firms which worry that the beefed up regulation will push up costs.

The FSA hopes to minimise this by pursuing a "risk-based" approach, under which the frequency of inspectors' visits to a company will depend on how great an impact it believes its bankrupcy would have.

Eyebrows have also been raised about the over-arching powers the FSA will enjoy.

Concerns have been raised that it might take a heavy-handed approach in its early days to stamp its authority on the industry, a notion that the FSA rejects.

"This idea that we're there waiting to pounce on people from day one is just nonsense," An FSA spokesman, Robin Gordon-Walker, told AFP.

Former Thai central banker latest scapegoat for crisis: Analysts

AFP, *Bangkok*

Former central bank governor Rerngchai Marakanond, whose handling of Thailand's 1997 currency crisis was deemed "severely careless," may be the latest scapegoat for the baht crash, analysts say.

The Bank of Thailand (BOT) said it was undecided whether to hold Rerngchai solely accountable for losses of 70 billion baht (1.6 billion dollars) in 1997, when the baht went into free-fall amid attacks by speculators, but would file a civil lawsuit against him Monday should it find him culpable.

Thailand's finance ministry and the central bank dispatched committees to examine foreign currency swaps ordered by Rerngchai in 1997, with both placing blame for the plunging baht currency squarely on his shoulders.

Current BOT chief Pridiyathorn Devakula told reporters Friday that the bank would take the weekend to decide whether the former governor damaged the baht through his attempts at defending the national currency.

But analysts were puzzled by the accusations that Rerngchai -- or any individual -- was behind the 1997 crisis and pointed to past attempts by the Thai government to assign blame for ruining the country's economy.

"I find it baffling," said SG Asia Credit Securities analyst Andrew Stotz. "My impression is that they're getting some pressure to do something, and why not make one guy suffer."

He said the fast-approaching statute of limitations on charges brought by government committees investigating responsibility for the 1997-98 crisis -- set to end on December 8 -- likely inspired the move.

"The statute of limitations is probably what's driving it... they need a scapegoat," Stotz said, adding that Thailand had failed to prosecute Thai businessman Pin Chakkrapak on charges of bringing down the baht.

In July, Thai officials lost a bid to extradite from Britain Pin, the former president of Bangkok-based brokerage Finance One, on charges that he stole millions of dollars and touched off the regional crisis.

Other former BOT executives who served during the crisis years -- Vijit Supinit and Chaiwat Vibulsawat -- resigned under pressure but have not borne the same scrutiny, he said.

They had also been responsible for defending the baht and issuing loans to failed Thai finance companies such as the Bangkok Bank of Commerce at great expense to the country in 1996 and 1997.

Former prime minister and opposition Democrat party leader Chuan Leekpai told reporters Saturday that other former BOT executives were spared because they have taken up jobs as advisors with the current government.

"Obviously the other senior bank executives who were on Rerngchai's team are ministers' advisers in the government now, so many people think it may affect the decision," he said.

Former central bank governor Vijit is now an advisor to Finance Minister Somkid Jatusripitak.

PHOTO: AFP

A worker rides a full-loaded delivery tricycle along a street in Shanghai Sunday. In China, official unemployment rate in urban areas was 3.1 per cent at the end of last year but this does not include unemployed people who receive state subsidies or young people searching for work for the first time.

Weekly currency roundup

Asian units range-bound, brace for Enron fallout

AFP, *Hong Kong*

Asian currencies were largely range bound over the week but braced for fallout from the possible collapse of US energy giant Enron.

JAPANESE YEN: The yen remained largely in a range during the week despite a series of downgrades of ratings for Japanese government bonds by international credit agencies.

The yen stood at 123.97-123.99 to the dollar here late Friday, compared with 124.00 to the dollar in Singapore a week earlier when the Tokyo market was closed for a public holiday.

On late Monday, the yen traded around 124.05-08 yen to the dollar even after global ratings agency Fitch cut Japan's local and foreign currency debt ratings to 'AA' from 'AA-plus.'

On Wednesday, the yen became firmer and traded around 123.57-59 to the dollar despite Standard and Poor's announcement that it had also downgraded Japan's local and foreign currency sovereign credit ratings to 'AA' from 'AA-plus'.

"After the S and P announcement, investors immediately sold the yen, pushing the currency to the 124 level," said Yoshitaka Noumi, dealer at Bank of Tokyo-Mitsubishi.

"But the yen quickly returned to the 123 level because the downgrade was hardly surprising," Noumi said. "Investors had expected S and P to downgrade Japanese ratings."

A decision Thursday by the central bank to leave monetary policy unchanged was in line with expectations and largely ignored, dealers said.

The dollar edged up against the yen in Tokyo Friday but its gains were limited due to concerns over the US economy after news of the expected collapse of energy giant Enron Corp., brokers said.

"Investors bought the dollar and sold the yen due to bad unemployment figures in Japan, but the rise (in the dollar) was limited as investors were worried over the US economy after (news of) Enron's (expected) collapse," said Naoya Murata, dealer at Sanwa Bank.

Enron is likely headed for the biggest bankruptcy in United States history after ratings agencies Standard and Poor's and Moody's Investors Service cut the gas trading giant's credit rating to junk bond status and a rival energy firm walked away from a merger deal on Wednesday.

"Enron's collapse would have a staggering impact on the US economy and investors are very reluctant to buy the dollar right now," Murata said.

AUSTRALIAN DOLLAR: The Australian dollar was in danger of returning to no-man's land in the coming week as events offshore endangered its hold around 52 US cents, analysts said.

At the close of local trading Friday, the Australian dollar was perched at 51.98 US cents, maintaining its range-bound 50-53 cent value.

National Australia Bank currency strategist Michael Jansen said the dollar had "downside risks and could get a bit weaker in the near-term."

Commonwealth Securities chief economist Craig James said that the dollar had been trapped for almost four weeks, between 51.00 and 52.50 US cents.

"The main area of concern is the fallout from the demise of US energy giant, Enron," James said.

"If ripple effects create a new shock for the US economy, this will temper global optimism and thus the appetite for a global growth barometer such as the Australian dollar."

NEW ZEALAND DOLLAR: The New Zealand dollar closed Friday worth 41.34 US cents against the close of 41.13 US cents a week earlier.

SINGAPORE DOLLAR: In late Singapore trade Friday, the US dollar was at 1.8312 Singapore dollars, down from 1.8371 last week.

HONG KONG DOLLAR: The Hong Kong dollar closed Friday at 7.79 against the greenback, little changed from last week's 7.7989-7.7992.

INDONESIAN RUPIAH: The rupiah closed stronger on Friday at 10,430 against the dollar compared to the previous week's close of 10,504.

PHILIPPINE PESO: The Philippine peso closed lower at 52 to the dollar on Friday from 51.99 to the dollar a week before.

SOUTH KOREAN WON: The won briefly strengthened to 1,262 won per dollar during the week but weakened to 1,273.0 won to the greenback on Friday, compared with 1,271.8 won a week earlier.

A dealer at Hanvit Bank said the exchange rate could go up higher as South Korea banks need dollars for provisions to cover their bad loans to Hynix Semiconductors.

TAIWAN DOLLAR: The Taiwan dollar was marginally higher against the greenback over the week to close at 34.466 on Friday on foreign remittance inflow, dealers said.

The currency closed at 34.480 Monday and 34.468 Tuesday. It ended at 34.467 Wednesday and 34.465 Thursday.

THAI BAHT: The Thai unit closed Friday at 43.90-95 baht to the dollar compared to the previous week's 44.22-32 baht.