

Foreign banks must boost capital: China

AFP, Beijing

Beijing said Monday foreign banks will have to increase their capital in China if they want to take advantage of the country's imminent entry into the World Trade Organization by doing foreign exchange business with locals.

The People's Bank of China, or central bank, said that from Tuesday, when China officially becomes a WTO member, foreign banks will no longer face limits on who they can conduct forex business with.

"The scope will be increased to all individuals and institutions inside China," the bank said in a notice in its daily mouthpiece, the Financial News.

"But they must make corresponding additions to their operating funds or capital and change their business licenses," it said.

Chinese negotiators have ensured that reforms in the banking sector following WTO entry will be gradual to prevent its financial institutions collapsing under the impact of foreign competition.

It will be another two years before foreign banks will be allowed to do business in local currency with Chinese companies, and five years before they can provide the same services to local individuals.

DaimlerChrysler Japan recalls 492 Neon cars

AFP, Tokyo

DaimlerChrysler Japan Holding Ltd. is recalling Neon passenger vehicles imported from the United States due to braking system defects, a government official said.

The company was recalling 492 Neons imported between July 1999 and June 2001, the ministry of land, infrastructure and transport official said.

"Under certain conditions, brake hoses... absorb engine oil because they are not made of oil resistant materials," the official said.

"Eventually the defect might result in malfunctioning of the car's braking system."

China joins WTO today with real battle for reform beginning

AFP Beijing

After 15 years of negotiations and with new regulations still being frantically drafted, China was Monday counting down the final hours to formally becoming a World Trade Organisation (WTO) member.

China and its 1.3 billion people join the WTO on Tuesday, the end of a 30-day countdown period which began when entry formalities were completed at a meeting of the global trade group in Qatar last month.

The first processes of opening up will begin the very same day.

From Tuesday, overseas banks in some cities will be allowed to offer foreign exchange services to business and individual customers, the state China Daily newspaper reported.

The regulations under which they can apply to offer the services were announced by China's central bank only on Sunday, illustrating how the complex rules governing the country's WTO membership are being drafted very much on the hoof.

A vast series of other economic opening-up and tariff reduction measures will be introduced over a period ranging from weeks to years.

China's membership of the WTO will have a dramatic and to an extent unpredictable effect on the country and its people,

observers agree.

Over the weekend Prime Minister Zhu Rongji urged a seminar of elite officials to study and understand the WTO's rules to ensure steady economic development as well as social stability.

"Whether the gains are larger than the losses will depend on our work," said Zhu, Monday's China Daily reported.

Normally, after receiving approval from existing WTO members, a country has the decision ratified by its national parliament before waiting the 30-day period for accession.

But China was in such a hurry to join, officials arranged for its legislature, the National People's Congress, to ratify the WTO decision on August 25, months before it had even been taken.

Observers say Chinese leaders have been desperately keen to join the trade group by the end of a year which has already seen Beijing secure the 2008 Olympics and its footballers qualify for their first World Cup Finals.

However, the hard work still lies ahead, both in drafting new laws and for local firms to bring their staff up to speed with international standards.

Last month, a survey conducted by the Development Research Center attached to China's cabinet, the State Council, found that many Chinese executives had only the most cursory understanding of the WTO rules.

The survey found that more than 20 per cent of 5,000 executives

polled knew little or nothing about the WTO and only 3.2 per cent said they thoroughly understood WTO rules.

Many analysts say China's way forward after WTO membership is unclear even for many of those meant to be plotting the course.

"I don't get a clear sense that the local government and local companies know what to do, so there could be a lot of potential confusion and resistance in the near-term," said Chi Lo, head of treasury research for Standard Chartered Bank in Hong Kong. Such ignorance might not matter for firms manufacturing textiles, footwear and electronics, which stand to gain under freer trading rules, but in other sectors it could prove disastrous.

Banking, insurance and heavy industries such as steel and petrochemicals are expected to sustain heavy shocks as WTO rules come into force, allowing foreign firms to compete on a level playing field.

For China's estimated 900 million farmers, WTO entry could spell disaster as many of them eke out a living on inefficient smallholdings and are ill-equipped to compete with better quality, cheaper agricultural imports from developed nations.

Ensuring that farmers are not pushed out of a livelihood is of paramount concern to China's ruling communist party, which fears social instability would tap into wellsprings of latent discontent.

US automobile fuel prices fall to two-year low

AP, Los Angeles

Automobile fuel prices in the United States have plunged more than 40 cents a gallon since Sept. 11, reaching a two-year low.

The average retail price of a gallon of gasoline, including all grades and taxes, was about \$ 1.15 on Friday, down more than 8 cents per gallon in the past three weeks, according to the Lundberg Survey of about 8,000 stations nationwide released Sunday.

It's the lowest price since March 1999, when the national average was about \$ 1.08.

In some cities the average gas price dipped below a dollar a gallon to the joy and amazement of drivers.

"It was \$ 2 a gallon less than six months ago," said Jeffrey Spring, a spokesman for the Automobile Club of Southern California.

"Those good old days are back," said Cyndi Burroughs, 49, as she filled her car for 99 cents a gallon at

an Arco Station in the San Fernando Valley. "Everybody, get your gas cans out."

Honolulu had the most expensive gas surveyed at \$1.70 per gallon on average. In Atlanta, the average was just 90 cents.

In Yardville, New Jersey, drivers found unleaded gas for as low as 89 cents a gallon.

Anything below a dollar is marvelous," said Leon Falardeau, who was filling up at a Gulf station.

The roller coaster ride for gas prices began in May, when the national average peaked at \$ 1.76 per gallon.

"There had been pressure to prepare for summer driving. Demand was strong. An oversupply developed," analyst Trilby Lundberg said.

Prices bottomed out in August and began slowly rising until Sept. 11 when crude prices crashed amid the shakier world economy and uncertainty about US retaliation.

Americans did some panic buying but then became afraid to travel, exacerbating the usual seasonal drop in gas demand because of cold weather.

Crude oil prices have only recently begun rising. The Organisation of Petroleum Exporting Countries wants to reduce production, but "weak economic conditions and swollen gasoline supplies are likely to keep pump prices low through New Year's and beyond," Lundberg said.

"All bets are off, however, if military action in the Middle East should spread to any oil-producing nations," she added.

Fear of flying and the low gas prices may yet raise winter demand. A record 87 per cent of Americans traveled by car this past Thanksgiving, and the Auto Club expects that will continue into the holiday season, Spring said.

Japan, India to cement economic ties

REUTERS, Tokyo

Japan and India have agreed to work towards strengthening economic ties in the wake of Tokyo's suspension of sanctions on India, a Japanese finance ministry official said on Monday.

Indian Prime Minister Atal Behari Vajpayee, who is in Japan on a five-day visit, met Japanese Finance Minister Masajuro Shiokawa earlier in the day.

"I am grateful that Japan decided to lift the economic sanctions," the official quoted Vajpayee as telling Shiokawa. "Now we can plan economic ties between India and Japan from a long-term perspective. We

hope we can strengthen our ties."

Japan suspended sanctions on India and Pakistan on October 26, clearing the way for fresh economic aid in a show of support for the two nations during US-led strikes on Afghanistan.

Japan froze all new loans and grants except for humanitarian aid after India and Pakistan carried out tit-for-tat nuclear tests in May 1998. According to the official, Shiokawa told Vajpayee that Prime Minister Junichiro Koizumi had recognised the need to put more emphasis on Japan's relations with the rest of Asia, not just with nations in Southeast Asia.



Chief of Reed Properties Ltd Enamur Rahman Chowdhury conducting a raffle draw of Agora, a superstore owned by Rahimafrooz Superstores Ltd, Thursday in the city.

Agora raffle draw held

The raffle draw of Agora, a superstore owned by Rahimafrooz Superstores Ltd, was held at Rifles Square in the city on Thursday, says a press release.

Jeba Khandaker of Dhaka University won a gift voucher of Tk 5,000 as first prize in the draw.

Shahana Ahmed of Jhigatola area bagged the second prize of Tk 3,000 as gift voucher while Mili Joy of Bashabo the third prize of Tk 2,000 as gift voucher.

Ten more persons won gift vouchers of Tk 500 each. They are: Afsar U Ahmed of Dhanmondi, Mahbubur Rahman of Satmasjid Road, Ms Mim of Mohamadpur, Afroza Shafiq of Central Road, F Rahim of Gulshan -1, Engineer Hafiz of Azimpur, Sheikh Fahad Noor of Shahbagh, Champa of Elephant Road, Faisal Rashid of Tejurti Bazaar and Maruf Wahid of Eskaton Road.

Chief of Reed Properties Ltd Enamur Rahman Chowdhury was the chief guest while Rahimafrooz Superstores Managing Director Niaz Rahim presided over it.

Operative chief of Agora, TD Pakir, was, among others present on the occasion.

The draw was held on coupons filled up by the buyers of goods worth at least Tk 500 from Agora during the month of November.

DHL, SATS open multi-million dollar S'pore hub facility

DHL Worldwide Express (DHL) and Singapore Airport Terminal Services (SATS), have opened a new multi-million dollar hub facility at Singapore Changi International Airport, says a press release.

The facility, called the DHL Singapore Hub/SATS Express Courier Centre 2 (ECC2), is DHL's biggest transshipment hub in the Asia-Pacific region and the result of a long-standing partnership with SATS.

BG(NS) George Yeo, minister for trade and industry, was the guest of honour at the opening ceremony.

DHL is the global market leader of the international air express industry and will spend \$34 million to equip and operate the Singapore Hub over the next 10 years.

The new hub is part of DHL's overall aggressive investment programme for Asia of over \$300 million aimed at boosting infrastructure, vehicle fleet, and workforce as well as customer service over the coming years.

This is the first time SATS, a leading provider of integrated ground handling and in-flight catering services, has purpose-built a facility for a client.

Manila to set up agency to wipe out bad debts

AFP, Manila

Philippines President Gloria Arroyo and Congress agreed Monday to set up a special agency to rid banks of bad loans worth nine billion dollars as part of a plan to revive the flagging economy.

Under a proposed law, a private sector company would absorb the non-performing loans (NPLs) and foreclosed assets of banks, while the government would offer tax incentives to smooth out the process.

House of Representatives Speaker Jose de Venecia said Congress and the Arroyo cabinet had endorsed the proposal.

Arroyo's control of both chambers of Congress would ensure its

passage but the government gave no timetable.

The NPLs built up in the years leading to the mid-1997 Asian financial crisis, officials said. Other crisis-hit countries, such as Indonesia, Thailand and South Korea have set up similar agencies.

"This is not a bailout for the banks (which have) made some terrible decisions in the past," Economic Planning Secretary Dante Canlas stressed.

"This is going to be a private sector-led asset management company."

He said Congress has agreed to pass other laws which would "enable foreign investors to hold on to the real estate assets that form part of the liabilities of banks."

CURRENCY

Following is yesterday's forex trading statement by Standard Chartered Bank

| Selling | Currency | Buying | | | |
|---------|----------|---------|----------|--------------|-------------|
| TT/OD | BC | USD | TT Clean | OD Sight Doc | OD Transfer |
| 57.6500 | 57.6800 | 56.5000 | 56.5000 | 56.3314 | 56.2629 |
| 51.7697 | 51.7966 | EUR | 49.8048 | 49.6561 | 49.5958 |
| 83.0737 | 83.1169 | GBP | 80.4673 | 80.2271 | 80.1297 |
| 30.1971 | 30.2128 | AUD | 28.6625 | 28.5769 | 28.5422 |
| 0.4619 | 0.4621 | JPY | 0.4470 | 0.4456 | 0.4451 |
| 34.8992 | 34.9174 | CHF | 33.8912 | 33.7900 | 33.7490 |
| 5.5441 | 5.5470 | SEK | 5.3539 | 5.3379 | 5.3315 |
| 36.7807 | 36.7998 | CAD | 35.6602 | 35.5538 | 35.5106 |
| 7.3990 | 7.4028 | HKD | 7.2370 | 7.2154 | 7.2066 |
| 31.5873 | 31.6037 | SGD | 30.7049 | 30.6132 | 30.5760 |
| 15.8253 | 15.8335 | AED | 15.2595 | 15.2140 | 15.1955 |
| 15.4956 | 15.5037 | SAR | 14.9471 | 14.9025 | 14.8844 |

| Usance bill | TT Doc | 30 days | 60 days | 90 days | 120 days | 180 days |
|-------------|---------|---------|---------|---------|----------|----------|
| USD | 56.3835 | 56.0356 | 55.5712 | 55.0372 | 54.4567 | 53.1564 |
| EUR | 49.7021 | 49.3954 | 48.9860 | 48.5153 | 48.0036 | 46.8574 |
| GBP | 80.3014 | 79.8059 | 79.1445 | 78.3840 | 77.5572 | 75.7054 |

The local foreign exchange market was active. Demand for dollar was steady. The call money rate has gained momentum before the Eid-ul-Fitr. The overnight borrowing rate at call is ranging between 11 and 12 per cent.

In the international market, dollar briefly touched a five month high against yen on Monday. Yen was affected by dismal economic data. The market has also negative sentiment about the "tankan" business sentiment survey report of Japan that is due on Wednesday. Meanwhile, Japanese private sector machinery orders, a key gauge of capital spending, showed a shocking 10.1 per cent drop in October, far worse than the market expectation of about 4.8 per cent. The slide follows a massive fall in orders for September, leaving them down a massive 26.6 per cent year on year.

At 1345 hours on Monday, pound traded at 1.4326/32 against dollar, euro at 0.8909/12 and yen was at 125.77/81 per USD.

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SHIPPING

Chittagong port

Berth position and performance of vessels as on 10.12.2001.

| Berth No | Name of vessels | Cargo | L Port call | Local agent | Date of arrival | Leaving | Import Disch |
|--------------|-------------------|----------------|-------------|-------------|-----------------|---------|--------------|
| J/1 | Spica | Gi (Log) | Yang | Royal | 4/12 | 12/12 | 1489 |
| J/2 | Banglar Mookh | Gi(S.Ash) | Pipa | BSC | 6/12 | 13/12 | 1485 |
| J/3 | Jubilee | Gi(R.Log) | Yang | Rkship | 7/12 | 16/12 | 175 |
| J/4 | Shun An (Liner) | Gi | Mong | RML | 4/12 | 11/12 | 356 |
| J/5 | Iron-B | W(P)/Gi(Copra) | Sing | MSA | 19/11 | 13/12 | 350 |
| J/6 | Bright Hope | Gi | Kore | Prog | 5/12 | 12/12 | 1904 |
| J/7 | Alam Teladan | Gi(Y.Ma) | Sing | Sunshine | 1/12 | 15/12 | 842 |
| J/8 | Makmur Bahagia | Tsp(P) | Sing | Unique | 5/12 | 13/12 | |
| J/9 | Da Cheng | Gi | P.Kel | Bdship | 5/12 | 12/12 | 615 |
| J/11 | Jaami (Flag) | Cont | Col | Everbest | 9/12 | 12/12 | |
| J/12 | Kota Beraja | Cont | Sing | Pil (BD) | 8/12 | 13/12 | |
| CCT/1 | Banga Biraj(Flag) | Cont | P. Kel | Bdship | 7/12 | 12/12 | |
| CCT/2 | Ghock | Cont | Sing | RSL | 8/12 | 11/12 | |
| CCT/3 | QC Honour | Cont | P. Kel | QCSL | 7/12 | 12/12 | |
| GSJ | Banglar Gourab | Repair | Viza | BSC | 2/11 | 12/12 | |
| TSP | Balkiesur | R.Phos | Tiaz | Atlantic | 30/11 | 15/12 | |
| DDJ/1 | Banga Birol | Repair | - | Bdship | R/A | 12/12 | |
| Dea | Caplain | - | K.Dia | Arateen | R/A | - | |
| RM/9 | Banglar Shourab | Repair | - | BSC | R/A | 12/12 | |
| Custom Jetty | Tug Sbm-1 | - | - | CTBL | 9/12 | - | |
| TM Compound | Tug Kandari-10 | - | Suez | CPA | 29/11 | - | |

Vessels due at outer anchorage

| Name of vessels | Date of arrival | L Port call | Local agent | Cargo | Loading port |
|------------------------|-----------------|-------------|-------------|----------|----------------|
| Xpress Padma (Cont) | 6/11 | 10/12 | Sing | RSL | Cont |
| Athlos | 10/12 | 10/12 | Mong | RML | J. Goods |
| Fu Wen Shan | 10/12 | 10/12 | S.Hai | Bdship | Gi |
| Monthira Naree | 10/12 | 10/12 | Dali | USL | Gi |
| Aya | 10/12 | 10/12 | Indo | OTBL | For Demolition |
| Eliki | 10/12 | 10/12 | Ltae | OTBL | For Demolition |
| Asteriks | 11/12 | 11/12 | Sing | USL | Gi(Y.Peas) |
| Lofoten | 11/12 | 11/12 | Sing | JF | For Scraping |
| Millennia Jewel | 11/12 | 11/12 | Sing | JF | For Scraping |
| Banga Barta | 10/12 | 10/12 | Col | Baridhi | Cont |
| Banga Bijoy | 11/12 | 11/12 | Sing | Bdship | Cont |
| Jurong Balsam | 11/12 | 11/12 | Sing | Nol | Cont |
| Silver Fish | 11/12 | 11/12 | Kant | BSL | C.Clink |
| Ava | 12/12 | 12/12 | Yang | Bnship | Gi(Y.Maize) |
| Kota Singa | 12/12 | 12/12 | Sing | Pil(BD) | Cont |
| Dawet(72) | 12/12 | 12/12 | Chen | Everest | Gi(St.C) |
| Boron Explorer | 12/12 | 12/12 | Kalu | KSA | Wheat(G) |
| Sentosa | 13/12 | 13/12 | Kosh | ANCL | C.Clink(Cemex) |
| Jaya Mars | 13/12 | 13/12 | Col | Everbest | Cont |
| Xpress Resolve | 13/12 | 13/12 | P.Kel | RSL | Cont |
| Kota Agung | 13/12 | 13/12 | Sing | Pil(BD) | Cont |
| Boxer Capt Cook | 14/12 | 14/12 | - | Pssl | Cont |
| Ruaha | 13/12 | 13/12 | Yant | Litmond | Urea in Bags |
| Boron Explorer | 12/12 | 12/12 | Kalu | RSL | Wheat(G) |
| Xpress Resolve(Cont) | 2/12 | 13/12 | P. Kel | KSA | Cont |
| Kota Agung(Cont) | 29/11 | 13/12 | Sing | Pil (Bd) | Cont |
| Boxer Capt Cook (Cont) | 4/12 | 13/12 | - | PSSL | Cont |
| Ruaha | 13/12 | 13/12 | Yant | Limond | Urea in Bags |
| QC Teal | 13/12 | 13/12 | P.Kel | QCSL | Cont |
| Gospic | 13/12 | 13/12 | llyc | Litmond | Mop In Bulk |
| Coreme | 14/12 | 14/12 | - | Rkship | For Scraping |
| Ocean Reyna | 14/12 | 14/12 | Sing | Everett | Gi(St.C) |
| QC Lark | 14/12 | 14/12 | P.Kel | QCSL | Cont |
| Pacific Emerald | 15/12 | 15/12 | Tara | Litmond | Gi(Copra) |
| Banglar Moni | 15/12 | 15/12 | Sing | BSC | Cont |
| Orange Sky | 15/12 | | | | |