

Six banks, two law firms to be added to Enron suit

REUTERS, Houston

At least six investment banks and two law firms that advised Enron Corp and auditor Andersen will be added to a huge shareholder class action suit over the bankrupt energy trader's collapse, sources close to the case said Thursday.

The banks and law firms will be named in an amended complaint set to be filed on Monday, two sources told Reuters. If the plaintiffs are successful, the suit could have potentially destructive consequences for Wall Street if they are found to be liable.

The suit will name investment banks Merrill Lynch & Co, Deutsche Bank AG, JP Morgan Chase and credit Suisse First Boston, Citigroup, Barclays Bank Plc, law firms Vinson & Elkins, Enron's Houston-based outside counsel, and Andersen lawyers Kirkland & Ellis of Chicago, the sources said.

Consultants McKinsey and Co, the firm which former Enron Chief Executive Jeff Skilling left to

join Enron, and possibly other banks are expected to be named, the sources said. About 35 to 45 Enron officers and directors will be named in the new complaint, as will about half that many Andersen partners, the sources said.

Vinson & Elkins has said it did nothing wrong, and will fight the case. Officials at the banks, McKinsey and Kirkland & Ellis could not be reached for comment after business hours.

The suit initially named only Andersen LLC and 29 top Enron insiders, since Enron's Dec 2 bankruptcy automatically froze all litigation against the corporate entity itself.

But as Andersen's prestige and money have dwindled in the wake of a criminal obstruction of justice indictment for allegedly destroying Enron documents, it has become a less promising target for plaintiffs looking to recover more than a billion dollars.

The lead plaintiffs in the case, the University of California Board of Regents, had no comment on the new defendants, UC spokesman Trey Davis

said. The university, which lost \$145 million, is represented by Milberg Weiss Bershad Hynes & Lerach, a San Diego, California-based law firm that is among the most aggressive in pursuing shareholder suits.

Joseph Jamail, the heavyweight lawyer representing Vinson & Elkins, earlier told Reuters that the law will stymie plaintiffs who hope to add his client just to get at their deep pockets.

"You can't hold an outsider or lawyer responsible for something he didn't create," Jamail said. "V&E was not involved in making decisions of any kind for these people -- of any kind. These are all business decisions."

V&E lawyers were strictly responsible for ensuring that Enron's dealings, which were handled by in-house lawyers first, complied with existing law, he said.

Jamail rose to national fame for winning an \$11 billion verdict for Pennzoil against Texaco, who were fighting over who would buy Getty Oil.

Andersen to lay off 7,000 staff

AFP, New York

Arthur Andersen, the embattled accountancy firm, is preparing to shed as many as 7,000 jobs through layoffs and thousands more through a deal with rival Deloitte Touche, the New York Times reported Friday.

The newspaper quoted a participant in a videoconference call involving all Andersen partners as saying that Andersen could announce as early as Friday the layoff of up to 25 per cent of its 28,000 employees in the United States and Canada.

The layoffs will probably affect lower-level staff members first, rather than the firm's 1,750 partners, the newspaper quoted another person on the call as saying.

But a shake-up of Andersen's management is also imminent, said a person involved in the overhaul.

Meanwhile, Deloitte is to acquire the bulk of Andersen's tax business, which employs several thousand people, including about 600 partners.



PHOTO: AFP

A Japanese businesswoman uses her mobile phone before a NTT DoCoMo shop in Tokyo Thursday. Japan's mobile communication giant NTT DoCoMo announced the company posted an impairment loss of 4.2 billion US dollars on its overseas investments for the year ended 31 March, pushing NTT DoCoMo into the red for the first time.

China raises gas, diesel prices on supply worries

AFP, Beijing

China has adjusted its oil prices the second time this year, raising the prices of both gasoline and diesel due to supply worries caused by the Middle East unrest, state media said Friday.

The State Development Planning Commission hiked the price of gasoline by 11.2 per cent to 2,580 yuan (311 dollars) per tonne, while raising the diesel price by 11.7 per cent to 2,300 yuan per tonne, the China Daily reported.

"The price hike... is in line with the rise in international crude oil prices, caused by supply worries following the conflicts in the Middle East," the paper said.

In London trade on Thursday, Brent North Sea crude for May delivery rose as high as 28.15 dollars, topping 28 dollars a barrel for the first time since the immediate aftermath of the September 11 terrorist attacks.

Beginning in November 1999, China decided to adjust its oil prices more frequently, basing the prices on the average in international markets over the preceding weeks.

US steel tariff unfortunate, says OECD

AFP, Tokyo

The US decision to slap hefty tariffs on imported steel was "very unfortunate" and any short-term benefits would not spare US producers tough times ahead, the head of the OECD said Friday.

"The steel discussions ongoing at the OECD are aiming at reducing supply on a global basis," Organisation for Economic Cooperation and Development secretary general Donald Johnston told a news conference here.

"The current safeguard action of the US administration I think is very unfortunate in that context," he said.

"I'd say it's rather the reverse of the saying short-term pain for long-term gain," he said. "This is basically short-term gain for perhaps long-term pain."

Singapore may cut corporate, income taxes

AFP, Singapore

Singapore may cut corporate and income taxes as part of sweeping changes to keep the economy competitive and encourage entrepreneurs, Deputy Prime Minister Lee Hsien Loong has said.

But the sales tax, currently at three per cent, may be raised to compensate for the revenue losses, he told parliament on Thursday.

Lee, who is also the finance minister and head of the central bank, is chairman of a high-level committee tasked with recommending ways of making Singapore's economy more competitive.

Analysts said his remarks were a hint of some of the recommendations that are expected when the committee announces its report next month.

Lee said Singapore must keep pace with other countries that have cut corporate and income taxes in a bid to attract foreign investors as well as top foreign workers.



PHOTO: AFP

ASEAN's economic ministers link hands during the Asean Economic Minister's (AEM) meeting in Bangkok yesterday. (L to R) Malaysia ambassador to Thailand Dato' Syed Norulzaman, Myanmar ambassador to Thailand U Myo Myunt, Philippines Trade Minister Manuel Roxas II, Singapore Trade Minister George Yeo, Thai Commerce Minister Adisai Bhotharamik, US Trade Representative Robert Zoellick, Vietnam Trade Minister Vu Khoan, Brunei Trade Minister Abdul Rahman Taib, Cambodia Trade Minister Cham Prasidh, Indonesia Trade Minister Rini Mariani Sumarno Soewandi, Laos Trade minister Soulivong Daravong, ASEAN Secretariat Tran Duc Minh. ASEAN's economic ministers held talks with US Trade Representative Robert Zoellick in the first formal negotiations to build trade ties with the world's biggest economy in over 10 years.

US-ASEAN talks yield little on future plans

AFP, Bangkok

ASEAN's economic ministers and the US agreed Friday to expand their economic cooperation, but the first formal talks in 10 years yielded little on future plans for a US-ASEAN free trade area.

"I think it is far too premature to talk about road maps," US Trade Representative Robert Zoellick said when asked about plans for a free trade area (FTA) with the US and the 10-member Association of Southeast Asian Nations.

"While we are pleased to work towards free trade with all the countries in the region, we need to do so in a step-by-step approach," Zoellick told reporters after the meeting here.

In a joint statement, the ASEAN ministers "agreed to adopt an ambitious work programme designed to expand further the close trade and investment relationship between ASEAN and the United States".

The programme would cover

several areas, including trade and investment, agriculture, intellectual property rights, information technology, customs and biotechnology, the statement said.

Yet neither Zoellick nor ASEAN ministers would dictate a timeframe for development of an FTA.

"We were all interested in having further discussions with our business communities on that topic," Zoellick said.

Thai Commerce Minister Adisai Bodharamik said he predicted a US-ASEAN free trade area could launch "within 10 years".

There was also no conclusion on dates for the next round of formal talks.

Vietnam trade minister and meeting co-chairman Vu Khoan said he hoped that "somewhere, this year, we can find common time for a meeting".

ASEAN, which groups Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand

and Vietnam, has some 500 million people and is Washington's fourth largest trading partner.

Zoellick called the region "extremely important to the United States, in both strategic and economic terms".

Two-way trade between the US and ASEAN tripled over the past decade to some 120 billion dollars, with the US running a 32-billion-dollar trade deficit with Southeast Asia, he said.

The region is widely seen as both a potential export powerhouse and a major consumer market.

But it is only slowly recovering from the 1997-1998 Asian financial crisis.

Global foreign direct investment in Southeast Asia dropped sharply from a high of 30 billion dollars in 1996 to around 10 billion dollars last year, Thai Prime Minister Thaksin Shinawatra said last month.

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