

Japanese banking giant Mizuho ups net loss forecast by 40 per cent

AFP, Tokyo

Japanese banking giant Mizuho Holdings Inc. on Friday raised its net loss forecast for the fiscal year just ended by 40.3 per cent to 7.7 billion dollars, hit by higher than expected bad loan losses.

The world's biggest financial group in terms of assets said it would slash the number of its employees to 25,000 by March 2006, a reduction of 29 per cent from the combined manpower of its member banks as of March 1999.

Net losses at the group ballooned to an estimated 1,010 billion yen (7.7 billion dollars) in the year to March, while pre-tax losses were seen at 1,350 billion yen, up 35 per cent from an estimate made in November.

Mizuho's revenues were seen at 5,300 billion yen, up 1.0 per cent from the earlier forecast.

The increased losses were due to the "acceleration of the final disposal of non-performing loans and provision of reserves based on stricter self-assessments," the mega-lender said in a statement.

Singapore reorganises trade board

AFP, Singapore

Singapore on Friday reorganised its trade development board (TDB) into a new entity focused on helping local companies expand beyond the small domestic market.

The move came a day after the government announced plans for sweeping corporate and income tax reforms to make the city-state more competitive amid tougher challenges from emerging rivals in the region.

TDB has become International Enterprise Singapore (IE), as the agency moves from its traditional focus of promoting exports to helping local firms spread their wings overseas.

Lee Yi Shyan, chief executive of the new body, noted that Fortune Magazine's list of the world's top 500 companies had 12 firms from China, 11 from South Korea, and one each from Hong Kong, India and Malaysia but none from Singapore.

OECD sharply raises US growth forecast

REUTERS, Athens

The OECD has sharply increased its 2002 economic growth forecast for the United States, adding fuel to the view that the world's economic engine is bouncing back to life.

Draft figures, obtained by Reuters, project that the US economy will grow at a relatively healthy 2.2 per cent clip this year, far higher than the 0.7 per cent rate that the Paris-based organisation forecast last November.

The figures are part of a report sent to the member countries of the Organisation for Economic Cooperation and Development. A final report is due to be released on April 25.

If confirmed, the OECD's projections for US growth would match those expected to be released later this month by the International Monetary Fund.

But while the US economy is seen leaping out of its 2001 doldrums, other major world economies are seen lagging.

The OECD report sees euro zone growth rising at a modest 1.3 per cent this year, slightly down on

November's 1.4 per cent forecast.

Japan remains in contraction, with economic output seen shrinking 0.8 per cent this year, slightly better than the 1.0 per cent dip forecast by the OECD in November.

The OECD sees Japan growing next year, but barely, with output seen rising 0.3 per cent in 2003.

Hopes of global economic recovery brightened last week with release of the OECD's lead indicators, which projected a powerful rebound in world industrial output.

The draft forecast projects an improved 1.6 per cent expansion rate for the 30 member OECD economies, up from November's 1.0 per cent.

US inflation is forecast to rise 1.4 per cent this year, lower than the euro zone's 2.1 per cent forecast, according to the draft OECD figures.

Japan, however, remains stuck in deflation with prices projected to fall 1.5 per cent.

The brighter growth outlook is expected to stabilise US unemployment, which the OECD draft sees at 5.6 per cent for this year.

Euro zone joblessness is seen at 8.3 per cent, higher than Japan's 6.0 per cent.

STMicro, Philips, Motorola plan research alliance

AFP, Paris

Three of the world's largest semiconductor makers, French-Italian group STMicroelectronics, Philips of the Netherlands and Motorola of the United States, unveiled plans Friday to invest 1.4 billion dollars (1.6 billion euros) in a joint research and development site in France.

The companies said in a joint statement the project to develop next-generation computer chip technology would include the participation of TSMC of Taiwan.

The project would be located near Grenoble, in eastern France, the companies said.

STMicroelectronics, Philips and Motorola were to share equally the costs of the investment, which is to be made by 2005.

A French industry ministry source said the total investment would reach 2.81 billion euros by 2007 with 543 million euros in aid from the French state.

The three companies said the deal expanded a joint venture agreement announced last month by Philips, STMicroelectronics and TSMC.

Alcatel opens T-Tech Fund in China

AFP, Shanghai

French telecom giant Alcatel launched its Telecom Technology Fund (T-Tech Fund) in China Friday in a move to boost direct investment into the country's telecom's infrastructure.

The fund is the first of its kind specialising purely in telecoms infrastructure, Alcatel said.

"There are lots of other VCs (venture capitalists) operating here investing in telecoms and IT, but we are the first to specialise in telecoms infrastructure," said Feng Tao, director of Shanghai-based New Margin Ventures, which will manage the T-Tech Fund.

Alcatel opened the T-Tech Fund with an investment of nine million dollars, and the fund will co-invest with other funds managed by New Margin bringing the fund's total capital to 18 million dollars.

Japan to promote free trade

REUTERS, Qionghai

Japanese Prime Minister Junichiro Koizumi said Friday that Japan would promote free trade pacts, an area where Asia's biggest economy has lagged behind fast-growing China due to opposition from farmers.

His comments are the latest sign of Japan's efforts to step up economic ties in Asia in the wake of China's agreement last November with the Association of South East Asian Nations (ASEAN) to establish a free-trade area within 10 years.

Speaking at the Boao Forum for Asia -- a gathering of Asian business and political leaders on the tropical island of Hainan in southern China -- Koizumi emphasised his commitment to painful economic reforms.

And he reiterated that he did not regard China's economic development as a threat.

"I believe a rising economic tide and expansion of the market in

China will stimulate competition and will prove to be a tremendous opportunity for the world economy as a whole," Koizumi said.

Koizumi aims to use the Boao Forum to soothe concerns over competition posed by a weaker yen and ease tensions with Beijing as the two Asian giants prepare to mark the 30th anniversary of diplomatic ties, analysts say.

In his first major speech on Tokyo's Asian policy since an address in Singapore in January -- in which he called for closer economic ties with ASEAN -- Koizumi said Asia needs to tackle challenges such as carrying out reforms and boosting cooperation.

He said he realised it was vital for Asia that Japan, which accounts for 60 per cent of Asia's gross domestic product, succeeds in structural reforms including the final disposal of non-performing bank loans over the next few years, and revives its struggling economy.

"I am fully resolved to fulfil these reforms for the sake of both Japan and all of Asia," Koizumi said.

Koizumi noted he had signed a ground-breaking free-trade agreement (FTA) with Singapore during his regional tour in January and added that Tokyo would be seeking more.

"In the future, Japan will promote economic partnership or free trade agreements (FTAs) with other countries and sub-regions," Koizumi said.

Japanese officials said this was the first time Japan had publicly stated it would actively pursue FTAs, which have met with strong opposition at home from protected sectors such as farming.

In addition to the free trade pact with Singapore -- which has no significant agricultural exports -- Koizumi said Japan would study the possibility of separate free trade pacts with South Korea and Mexico.

Russia revises upwards economic forecasts

AFP, Moscow

The Russian government is revising upwards its forecasts of economic growth after criticism from President Vladimir Putin that previous targets were "unambitious," a senior minister said Friday.

"We have reacted positively to the president's criticisms and we think we have the necessary reserves to realise the changes," Russia's Economic Development Minister German Gref told a meeting with cabinet colleagues.

Gref said it was possible "to adopt a more radical approach to speed up socio-economic reforms," but he added that growth presupposed the application of laws that had already been passed.

Prime Minister Mikhail Kasyanov, who attended the meeting, said the economic development ministry would have to "go over its sums" in order to clarify the higher level of forecast growth.

And Finance Minister Alexei Kudrin said Russia could speed up its economic growth in the medium term through more resolute structural reform, particularly in the banking sector.

"Several laws should be cancelled or amended this year

because they restrict our business and cause additional expense," the Interfax news agency quoted him as saying.

Putin told a cabinet meeting Monday that his economic ministry should be "more ambitious" in its annual targets than the 4-4.5 per cent average growth in gross domestic product outlined for 2002-2004.

On becoming president two years ago, Putin set himself the goal of narrowing the economic gap between Russia and the West and improving standards of living.

"The programme on which he was elected, and which has since become Gref's programme, pointed out that an annual growth rate of at least eight per cent was necessary for 15 years in order to catch up with living standards in Portugal alone," Putin's economic advisor Andrei Illarionov said Thursday.

"The presidential credo hasn't changed ... and so there is no reason for the government to think in terms of annual growth half the size," he said.

"If the economic instruments on which (the government) is relying do not allow more growth, then it's necessary to use others," Illarionov added.

Bertelsmann plans publishing joint venture in China

AFP, Guetersloh, Germany

The German media giant Bertelsmann said Friday it would be prepared to set up a publishing joint venture in China if the Chinese government created the right conditions.

Responding to a report in the Financial Times which said that Bertelsmann was near a book deal in China, the German group issued a statement saying: "We are already closely working with most Chinese publishing houses via our book club in Shanghai."

"We are also prepared to take the necessary action to set up a publishing joint venture," if the Chinese government were to issue clear guidelines on the matter.

Bertelsmann refused to comment, however, "on concrete negotiations or on press speculation," it added.

The FT, quoting industry sources, said the German group was in "advanced talks" to set up China's first publishing joint venture backed with foreign investment.



PHOTO: EMIRATES

Majid Al Mualla (right), Area Manager-Bangladesh of Emirates Airlines, hands over the Best Employee certificate for the month of March 2002 to Samina Anjum, Reservation/Ticketing Officer, at a function held at the Emirates office in the city. Kazi Zahurul Qyym, Sales Manager-Bangladesh of Emirates, is also seen in the picture.

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