

Gold remains close to 2-year highs amid uncertain global conditions

Gold prices remained close to fresh two-year high points on Wednesday, as the metal met firm demand against a backdrop of uncertain global economic conditions, analysts said.

An ounce of the precious metal was fixed at 304.20 dollars, close to high points reached earlier this month.

Analysts said bullion continued to be sought after because of lower producer selling and favourable comparison with other sluggish asset classes such as stocks.

"There are still too many uncertainties -- the equity markets and the dollar are under pressure," said Merlin Marr-Johnson, a metals expert with HSBC.

According to Marr-Johnson, with both producer hedging and mine production growth declining, the environment is generally positive towards gold.

The rally in gold prices coincided with the release of an upbeat report from Gold Fields Mineral Services (GFMS) in which it predicted the rally in bullion prices may still have further to go.

In its closely-watched annual survey of the world gold market the independent precious metals research consultancy predicted gold was likely to trade within a 285-315 dollar range this year, with the metal likely to see further upside from current levels should there be any further investment demand and/or falls in producer hedging.

According to GFMS Managing Director Philip Klapwijk market participants are "justifiably in our view, generally upbeat about the future prospects for gold."

Japan's Nissan Motor to hire 4,000 more workers

Japanese automaker Nissan Motor Co. plans to increase its workforce by 4,000 in the fiscal year to March 2003 in a bid to boost its competitiveness, a report said Thursday.

Expecting recovery in earnings, Nissan plans to hire some 1,000 from the information technology sector and add 2,500 workers at its factories in the United States, among other plans, the Asahi Shimbun said.

"This will be the first personnel increase under the restructuring plan initiated by (Nissan) President Carlos Ghosn, who was dispatched to the company in 1999 from French carmaker Renault SA," the Asahi said.

"As the company's earnings are clearly improving, Nissan plans to hire people from the IT sector and to beef up the production capacity in the United States in order to ensure the company's long-term competitiveness," it said.

Nissan plans to hire hi-tech engineers to boost its development of hybrid vehicles, fuel cell batteries, and monitoring systems for engines, among others, the Asahi said.

The automaker also plans to hire more workers at its US factories, hoping to boost sales of small trucks in the US market, it said.

So far, Nissan has been cutting jobs to fight a prolonged slump.

India's big IT firms on path to recovery

India's largest IT software firms are set to beat a slow path out of the worldwide gloom, having seen off the toughest period and posting sizeable profits in the last financial year, analysts said Thursday.

But the recovery was likely to be drawn-out as difficult conditions would continue for at least three to six months, they added.

Three of India's top IT firms -- Infosys, Wipro and Satyam -- all recently revealed profits of around 30-50 per cent in the financial year ended March.

"These are a lot of positive signs for the industry. We have to now wait and see whether the US economic recovery materialises this year as expected, or whether it slips back again," Sohini Andani, research analyst at LKP Securities, told AFP.

She added there was bound to be a lag between the expected recovery and additional business landed by Indian firms, which may spill over to other end of the current financial year or even next year.

"Certainly, those who are willing to take a long-term perspective will get the big business orders," Andani added.

Industry officials said they expected the billing rates from overseas clients to be under pressure as they would try to derive the maximum advantage out of the global slowdown for as long as possible.

Japan unveils measures to help Afghan reconstruction

AFP, Tokyo

Japan unveiled measures Thursday to help war-ravaged Afghanistan rebuild itself, including financial and technical help for a national legislative assembly.

Foreign Minister Noriko Kawaguchi offered 2.7 million dollars to finance travel and other expenses for members of the Loya Jirga, or the Afghan Grand Council, to attend its emergency session in June.

She told the Foreign Correspondents Club that Japan would also provide equipment to broadcast the week-long meeting,

which will open on June 10 to select a new transitional government, across Afghanistan.

These expenses will be covered by a contribution of up to 500 million dollars over two and a half years, which Japan pledged at an international donors conference on Afghan reconstruction held in Tokyo last January.

Japan has so far disbursed about 50 million dollars out of the pledged aid, including five million dollars to the United Nations Children's Fund's campaign to reopen school classes for children.

Kawaguchi, due to visit

Afghanistan next week, also said Japan would allocate 19 million dollars to help clear land mines and unexploded ordnance littering Afghanistan.

"Our challenge is not only to resurrect the (Afghan) economy, but to establish a society -- free, democratic and proud of its cultural heritage -- where men, women and children enjoy their life," the foreign minister said.

Kawaguchi referred to other measures to help Afghanistan's "consolidation of peace" in three areas -- the peace process, domestic security, and reconstruction and

humanitarian assistance.

She said Japan would help examine the possibility of helping reform the Afghan police force and provide vocational training to former members of armed groups.

Japan will also consider sending experts to Afghanistan and accept Afghan trainees in the areas of education as well as health and medical care, Kawaguchi said.

The foreign minister is scheduled to leave here Sunday on a tour which will take her to Britain, Belgium, Afghanistan and Iran. In Kabul, she will meet Afghan interim leader Hamid Karzai.

WTO negotiators fail to overcome hurdle in new round talks

AFP, Geneva

Negotiators tackling the new trade round launched at the World Trade Organisation's (WTO) ministerial conference in Qatar last November failed to reach agreement Wednesday on the involvement of other international organisations.

A first plenary meeting of the Trade Negotiating Committee (TNC) was unable to reach consensus on allowing specialised external agencies, or "inter-governmental organisations," to take part as observers in meetings organised by the TNC, trade sources said.

They include the World Bank, the International Monetary Fund (IMF) and the UN Conference on Trade and Development (UNCTAD).

The round, aimed at lowering trade barriers and expected to last until January 2005, started recently in seven working groups: services, agriculture, industrial tariffs, reform of anti-dumping measures, market access, the environment and regional agreements.

"There is no room for complacency, we should not lose sight of the fact that we are working under a very tight deadline," WTO Director-General Mike Moore told the meet-

ing.

Another ministerial conference is due to assess negotiations on the new round in Cancun or Acapulco, Mexico in September or October 2003.

Moore emphasised that the issue of observer participation "should be approached in a practical way, to find a provisional solution for the life of the negotiations".

"Their attendance is a question of efficiency, transparency and coherence -- being present at the meetings and having access to the documentation can only facilitate their technical assistance efforts," he

added.

Moore had been trying to bring the 144 members together to reach a consensus on the issue, but some countries fear international organisations could become too closely involved in the talks and their influence would spread to other WTO bodies.

Moore also said he was in constant touch with his successor, Supachai Panichpakthi, and might invite him to take part in the next TNC meeting on July 18 and 19.

Supachai is due to replace Moore as director-general of the WTO and as head of the TNC on September 1.



Businessmen have a discussion under a large logo for Japanese mobile phone operator J-Phone, owned by British giant Vodafone, at the company's headquarters in Tokyo Wednesday. J-Phone announced the company will delay the commercial launch of a third generation (3G) phone service due to technical problems.

Reliance on US threat to world recovery: OECD

AFP, Paris

Reliance on the United States as the main engine of global growth, and the high US current account deficit, could threaten economic recovery, the Organisation for Economic Cooperation and Development warned on Thursday.

The OECD said in its six-monthly report on the world economy that countries were dependent on US demand to fuel the global expansion, and that US borrowing to finance the expansion was set to increase.

"While there is no immediate suggestion that the capital inflows needed to finance the US current

account deficit could become inadequate, US saving -- public and private -- needs to rise to preempt possible upward pressure on global interest rates," the OECD said.

The US current account deficit was likely to rise to 5.0 per cent of gross domestic product by the second half of 2003.

Although foreign investors continued to find US capital markets attractive, even after the recent stock market relapse, such a deficit would represent an extremely high share of world savings "with possible portfolio repercussions on interest rates and the dollar," it said.

The OECD said external imbalances could also generate trade

frictions, leading to protectionist actions.

Renewed protectionism following the US decision to impose tariffs on steel imports could also threaten the global expansion, it said.

The OECD said that the US steel tariffs would adversely affect the competitiveness of US steel consumers and might actually stall restructuring of the US steel industry.

"Moreover, the measure could have negative implications for the new WTO trade round, given that other countries have already begun to follow suit," it said.

The OECD said external imbalances could also generate trade

Oil lower on surprise jump in US crude imports

AFP, London

Oil prices edged lower in quiet trade on Wednesday, with the markets taking their cue from US data showing an unexpected jump in crude imports had led to a smaller-than-expected decline in inventories.

A barrel of Brent North Sea crude for June delivery was quoted at 25.54 dollars, down 46 cents from Tuesday's close.

In New York overnight, the May light sweet crude contract rallied 35 cents to 26.62 dollars, although participants noted US markets were expected to fall at Wednesday's

opening.

According to weekly figures from the American Petroleum Institute, US daily crude imports unexpectedly jumped 778,000 barrels last week to 9.14 million barrels per day. Expectations had been for a fall in oil imports, owing to export disruptions from Venezuela and Iraq.

The result was that in the week to last Friday, US crude inventories fell by 966,000 barrels, well below the consensus forecast, which was for a fall of around 3.75 million barrels.

However, according to Christopher Bellew, oil analyst with Prudential Bache, the market has

actually held up well in the face of the figures, which he argues is a reflection of its "underlying strength".

"Our feeling is that this is only a temporary setback. Next week's figures will almost certainly tell a different story, and we think there's a good chance we'll see a recovery even before then," Bellew argued.

Other analysts added that the market will be closely monitoring official data, released by the US energy department later Wednesday, for any signs of discrepancy with the API figures.

BA to cut 500 jobs on regional division

AFP, London

British Airways announced plans Wednesday to streamline its regional service, cutting 12 loss-making routes and 500 jobs, adding to sweeping job cuts already announced on its international services.

In an effort to cut annual costs by another 20 million pounds (32.6 million euros, 28.6 million dollars), BA said it planned to trim capacity and get rid of 10 aircraft on its wholly-owned CitiExpress service.

CitiExpress services primarily smaller airports, such as Cardiff and Birmingham. It also has flights beyond Britain to European destinations, such as Hanover and Frankfurt.

Sri Lanka to auction gold seized from Marxists

AFP, Colombo

The Sri Lankan government Thursday announced it planned to sell off half a tonne of gold seized from the main Marxist party during an armed uprising over 13 years ago.

The gold jewellery was taken from the Marxist JVP, or People's Liberation Front, after the leadership of the group was eliminated by the then government during the uprising between 1987 and 1989.

A government spokesman said a date for the auction of the jewellery, which is currently kept at the Central Bank, would be announced shortly.

The jewellery was taken from JVP activists who were wiped out by security forces. The then government had accused the JVP of robbing banks and individuals to collect money for their armed struggle.

The JVP has since entered the political mainstream and has 16 seats in the 225-member national parliament.

Sony aims to double operating profit in '02-'03

REUTERS, Tokyo

Consumer electronics giant Sony Corp said Thursday its operating profit rose 108 per cent to 280 billion yen (\$2.16 billion) in the year that began on April 1, thanks to the success of its PlayStation 2 game machine and restructuring in its electronics division.

The rosy outlook for the company, the world's biggest maker of audio-video electronics, follows a 40 per cent drop in profit to 134.63 billion yen for the year ended March 31, when earnings were battered by the info-tech slump, bloated inventories and restructuring costs.

The forecast compares with analysts' consensus forecasts of 260 billion yen, based on tracking by Multex.



Two taxi drivers chat on the pavement in front of taxis parked in line in Mumbai Wednesday. More than 50,000 taxis were off the roads in India's financial capital in a one-day protest against a court order aimed at improving the air quality of the polluted city.

Asia claws back but bad loans hamper recovery

AFP, Paris

Asian economies are clawing back from last year's slowdown but many are hampered by bad loans and other financial strains, the Organisation for Economic Cooperation and Development (OECD) said Thursday.

Economies most closely tied to information technology, such as Hong Kong, Singapore, Malaysia and Taiwan, were hit hard in 2001 but were due for a rebound, it said.

But the Paris-based club of developed countries warned "banking and corporate debt problems... pose the most serious domestic risks to recovery" in the region.

The problem is "severe" in Indonesia and Thailand, perhaps a bit less so in Malaysia, and has been rising in Taiwan and the Philippines.

In China, where economic growth is forecast to slip to 7.1 per cent this year from 7.3 per cent in 2001, the bad-debt problem cripples many banks and leaves them with

limited ability to support business.

The restructuring required by World Trade Organisation membership only exacerbates the problem, the OECD said in its half-yearly economic outlook.

Despite strong international competitiveness, "China faces significant challenges in the medium term in maintaining rates of real growth similar to those currently experienced as it adjusts to its recent entry into the WTO."

Japan is also struggling with bad-debt problems. It urgently needs to resolve the mountain of bad loans held by banks if it is to prevent a financial collapse, even if this requires a government bail-out.

"Should this involve public funds, radical bank restructuring, including changes in management, would need to be the price of support," it said.

The rich-nations group predicted Japanese gross domestic product (GDP) would contract by 0.7 per cent this year, followed by a slim 0.3

per cent rise in 2003.

In South Korea, strong consumer demand will fuel recovery this year, said the 24-nation organisation, predicting a 6.0 per cent expansion in GDP this year and 6.5 per cent in 2003, up from 3.0 per cent in 2001.

It warned, however, that the economy will need more help from exports if it is to sustain growth levels.

Looking at the technology oriented economies in the region, including Singapore, Taiwan, Malaysia and Hong Kong, it said they were bruised by a 10 per cent overall decline in exports in 2001.

And all of them recorded meagre growth -- or even a decline in GDP -- that year as inventory de-stocking and domestic investment combined with the plunge in exports.

In 2002, the OECD said "signs of a levelling off in exports and of a recovery in the electronics sector in some countries beginning late last year" suggested the downturns have bottomed, and the economies are due for a rebound.

Nepal announces multiple-entry visas for foreign importers

AFP, Kathmandu

Kathmandu Wednesday announced it would grant five-year multiple-entry visas to foreign importers of Nepalese products.

"The five-year multiple visa with a provision of its extension has been arranged for foreign importers of Nepalese products," said a statement from the Nepalese Ministry of Commerce, Industry and Local Supply.

A ministry spokesman said foreigners from overseas markets

including Japan, Singapore, the US, UK, France and Germany would be eligible for the visas which are valid for visits of up to 90 days.

The move is designed to encourage importers to come to Nepal, an official said.

It was welcomed by the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) who said it would boost exports.

Nepal's exports have fallen dramatically after September 11, the massacre of 10 members of the royal family in June and an increas-

ing violent Maoist rebellion.

Exports fell by 8.3 per cent during the first half of the current fiscal year to mid-July compared with the same period last year.

"Exports of Nepal's cotton and textile garments, cashmere woollen shawls known as pashmina and hand-woven woollen carpets representing over 80 per cent of the country's total exports have been badly affected," Prashant Aggrawal of the FNCCI told AFP.



Siemens chief executive officer Heinrich von Pierer (R) and chief financial officer Heinz-Joachim Neuburger (L) smile yesterday during a half-year earnings news conference in Erfurt. German electronics giant Siemens announced it would shed an additional 6,500 jobs in its fixed-line telecommunications networks business on top of the 10,000 already planned in a move to cut costs by an additional 1.5 billion euros.

AOL Time Warner sees \$54.2b quarterly losses

AFP, New York

AOL Time Warner said Wednesday it lost 54.2 billion dollars in the first quarter, the biggest quarterly loss in US corporate history.

The loss was reflected by accounting rules, and a slide in the value of the merger of AOL and Time Warner, a corporate marriage that created one of the world's largest media conglomerates.

The huge loss, equal to the gross national products of countries like Uruguay or Bulgaria, was expected, but reflects a stunning reversal for the media giant.

Losses for the quarter were 12.25 per basic share.

The company said revenues for the quarter grew by four per cent over the same quarter last year, to 9.8 billion dollars. The company said it had subscription revenues increases of 14 per cent in the quarter, from subscriber fee growth in AOL and its cable television

businesses.

But advertising and commerce revenues for the media company's other properties dropped 13 per cent to 1.8 billion dollars, "reflecting weakness in the overall advertising market" the company stated.

Two years ago, the combined market value of AOL and Time Warner was 290 billion dollars. At market close Wednesday, the merged companies stock was valued at just over 86 billion dollars. The company's stock value has declined roughly 41 per cent this year.

AOL Time Warner CEO Dick Parsons said in a statement that "the performances of our businesses remains at least as strong as we expected when we provided our earlier outlook, and we anticipate that they will collectively drive growth this year."

Wednesday's colossal loss figure is attributable in part to new accounting rules enacted by the

Siemens to cut 6,500 more jobs

AFP, Erfurt, Germany

German electronics giant Siemens said Thursday it would shed an additional 6,500 jobs in its fixed-line telecommunications networks business on top of the 10,000 already planned in a move to cut costs by an additional 1.5 billion euros (1.3 billion dollars).

Siemens said in a statement released at its half-year earnings news conference here that the ob cutting would be implemented "during the coming quarters and would generate restructuring charges of some 300 million euros (264 million dollars).

The fixed-line telecoms business, dubbed IC Networks, remained in the red in the second quarter of the year, posting a loss before interest and tax of 158 million euros in the period from January to March, wider than the 124-million-loss booked in the preceding three months.

Financial Accounting Standards Board (FASB)

Before these guidelines, put in place after scandals such as the Enron debacle, companies could value acquired assets using the price of shares traded for those acquisitions.

Under the new rules, acquisitions have to be valued on their current market value.

At the time of its Time Warner acquisition, AOL stock used for that takeover was valued at 106 billion dollars. However, using FASB standards, the media conglomerate had to devalue -- or "write down" -- that acquisition, because traditional media companies such as Time Warner have been hit hard by a downturn in advertising revenues.

The new FASB rules have had an impact on a number of companies, especially those in the technology and entertainment fields, which saw large run-ups in stock prices in the late 1990s.