

European businesses balk at new US company laws

AFP, London

European business leaders bristled Wednesday at stringent new laws for US and foreign companies drawn up in the wake of a string of US accounting scandals, but appeared resigned to complying with the rules anyway.

The US Securities and Exchange Commission (SEC) voted Tuesday to impose new rules under the Sarbanes-Oxley Act signed last month by President George W. Bush.

The rules require chief executives and chief financial officers of US and foreign companies with listings on US stock markets to provide sworn statements verifying the accuracy of financial statements and annual reports sent to the SEC.

Digby Jones, director general of the Confederation of British Industry

(CBI), warned that the new rules might make British companies "think twice" about listing in the United States.

"The problem is that it was done completely without consultation -- it was done in a knee-jerk reaction sort of way by America," he told AFP.

Jones, whose organisation is the biggest business grouping in Britain, also warned that firms with a US stock-market listing might find it hard to find talented non-executive directors willing to run the risk of the stiff jail sentences facing anyone flouting the new rules.

"Therefore I think there will be a diminution in the reservoir of talent from which tomorrow's generation of non-executive directors can be found," said Jones, who has written to the SEC requesting clarification of the new rules.

The French employers' federa-

tion Medef also expressed concern about the new laws.

"Imposing respect for the laws of your own country on people not under its jurisdiction is a precedent with extremely far-reaching consequences," said a vice president of Medef, Denis Kessler.

"Laws passed in one country can not be applied to citizens of other countries," he insisted, but added that Medef has not yet decided on an official position regarding the US requirement.

German companies have also been vocal in opposing the new rules, complaining that German law makes the management and supervisory boards collectively responsible for accounts.

Porsche, the German maker of luxury sports cars, said last week it was re-considering plans for a listing on the New York Stock Exchange.

But despite the grumbles from some European business leaders, the European Commission gave a cautious approval to the new rules.

"The commission completely supports the aims of this act," EC spokesman Jonathan Faull said.

"We are not trying to call into question the main thrust of the act," which is not thought to conflict with EU laws, he added.

And while many European companies may be cursing the new laws in private, they appear likely to go along with them without too much fuss as they will be loath to give the impression they may be concealing balance sheet bogeys.

"British companies have nothing to hide, they are subjected to good, long-standing corporate governance rules in this country," said Jones at the CBI.

Russian coal industry to be privatised

AFP, Moscow

The entire Russian coal-mining industry should gradually be privatised, President Vladimir Putin said Thursday during a visit to Mezhdurechensk, a coal-mining town in the Keremeno region of Siberia.

The coal industry "has successfully entered the market economy," he told a meeting of regional leaders.

Although the government should continue to regulate some processes within the industry, Putin noted a "striking contrast" between private coal companies and those still in state hands, ITAR-TASS news agency reported.

But since the state renounced "direct participation" in the sector, the coal industry had emerged from crisis and is close to being profitable, Putin said after visiting an open-air pit.

On Wednesday, a working group set up by the Russian State Council, an advisory body formed of regional chiefs and parliamentarians, said the coal sector would be totally privatised by the end of next year.

All 113 Russian coal mines, 128 open-air pits and 40 enrichment plants would be transferred to private ownership by 2004, Interfax quoted the group as saying.

Last year, private companies accounted for 72 per cent of Russian coal output, and the share was set to increase to 95 per cent next year, the experts said.

During the upcoming privatisation phase, small mine-owners will be replaced by large companies with a greater export potential, they added.

The sector currently employs more than 320,000 people producing some 280 million tonnes of coal per year, but coal production costs in Russia are the highest in the world, Interfax noted.

Former top WorldCom executive indicted

AFP, New York

Former WorldCom chief financial officer Scott Sullivan was indicted Wednesday on criminal fraud charges, amid signs that other accused company executives would enter a plea bargain with prosecutors.

Unsealed in a federal court in New York, the indictment also named WorldCom's former director of general accounting Buford Yates in connection with hiding billions of dollars of company expenses.

Sullivan's indictment followed the apparent breakdown of negotiations on a plea bargain in which he would have admitted to charges carrying a jail sentence of 10 years or more.

There were, however, indications that WorldCom's former controller David Myers might be on the verge of striking a deal.

Myers, 44, was arrested and charged with Sullivan on an earlier criminal complaint, but he was not indicted on Wednesday and prosecutors filed documents indicating he and two other WorldCom accounting

department employees were cooperating with investigators.

Prosecutors are believed to be trying to build a case against Bernie Ebbers, WorldCom's former CEO, who resigned in April.

"My suspicion is that Myers has agreed to plead guilty," said Walter Brown, a former assistant US attorney, suggesting that an agreement could mean leniency in sentencing.

Sullivan and Myers were sacked in late June after WorldCom revealed that it had an unprecedented 3.8 billion dollars of accounting discrepancies that wiped out its 2001 profits. That figure was later revised to show 7.2 billion dollars in improperly booked expenses.

The company has filed for Chapter 11 protection under US bankruptcy law.

Coming six months after Enron's collapse, the WorldCom scandal helped sink investor confidence in the United States and push stocks to five-year lows.

Wednesday's indictment charged Sullivan and Yates with securities fraud, conspiracy to

commit securities fraud and five counts of false filings with the Securities Exchange Commission.

The charges carry a possible sentence of 25 years imprisonment.

In Washington, US Attorney General John Ashcroft said the indictment demonstrated the government's commitment to cracking down on corporate law-breakers and protecting the savings and pensions of ordinary Americans.

"With each arrest, indictment and prosecution, we send this clear message: corrupt corporate executives will be punished," Ashcroft said.

"The Department of Justice is committed to ensuring that corporate executives never profit by victimizing their own employees and investors."

Sullivan and Myers allegedly devised a scheme to cover up WorldCom's increasing expenses, by causing billions of dollars of operating costs to be hidden in the company's capital expense accounts.

Iran jobless rate rise continues

AFP, Tehran

Iran's already high level of unemployment rose even further in the official year ending March 2002, while inflation fell in the same period, according to government figures published Thursday.

End-March jobless totaled 3.2 million people out of a total population of 64 million, and represented a 14.8 per cent unemployment rate. That was up from 14.2 per cent the previous year and 13.6 per cent a year earlier.

But the Iran Daily, citing "economists," said the true jobless rate is "significantly higher" than the official one.

Deputy Labour Minister Ali Yaghoubi told journalists the country was suffering from a "grave crisis," adding that the jobless situation could get even worse.

He pointed to the fact that 5.5 million more young people will be entering the job market over the next four years.

In a press conference on Wednesday, Iranian President Mohammad Khatami said that for him, as well as for supreme leader Ayatollah Ali Khamenei, the question of unemployment was their greatest worry.

CURRENCY

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

Table with columns: Selling, Currency, Buying, TT/OD, BC, TT Clean, OD Sight/Doc, OD Transfer. Lists various currencies like USD, EUR, GBP, AUD, JPY, CHF, SEK, CAD, HKD, SGD, AED, SAR.

Exchange rates of some currencies against US dollar

Table with columns: Indian rupee, Pak rupee, Lankan rupee, Thai baht, Norkroner, NZ dollar, AUD. Values: 48.45, 59.325, 96.255, 42.300, 7.5320, 0.4682, 0.55085.

Local Interbank FX Trading:

The local interbank foreign exchange market was active Thursday. Demand for dollar remained high, which weakened the BDT further. It was quoted at 58.29/30 for the day against 58.28/30 from Wednesday.

Local Money Market: Market experienced moderate demand for overnight borrowing. Call money rate remained unchanged and ranged between 3.00 and 4.00 per cent.

International Market: Dollar fell across the board. It fell by more than 1 per cent against the yen and two-third of a per cent against euro and Swiss franc. Fall in the Wall Street raised concern about the health of US economy and contributed to the fall of the greenback. The trade was thin as traders refrained from aggressive trading ahead of wave of US and Japanese data due to be released later this week.

SHIPPING

Chittagong port

Table with columns: Berth No., Name of vessels, Cargo, L Port call, Local agent, Date of arrival, Leaving, Import disc. Lists vessels like Asteriks, A. A. Venture, Bi Ryu Gang, Pacific Emerald, Xuan Cheng, Jin Cheng (Liner), Paragon Pescadores, Kuo Hsiung, Banglar Moni.

Vessels due at outer anchorage

Table with columns: Name of vessels, Date of arrival, L Port call, Local agent, Cargo, Loading port. Lists vessels like Shun An (Liner), Walter, Kuo Hung No. 808, Consistence (Cont) 17/8, Win Grand (Liner), Pac Princess, Zaks Dikio, Bangla Baria (Cont) 18/8, Camerona, Jaami (Cont) 24/8, Tanker due, Gaz Millennium, Chen Biscay.

Vessels at Kutubdia

Table with columns: Dea Captain, Arafteen, RJA (18/8).

Vessels at Outer Anchorage Ready On

Table with columns: Barga Biral (Cont), Col, Baridhi, 28/8; Banglar Gourab, GI (Log), Yang, Royal, 29/8; Pranedyia, F Oil, Sing, CTPL, 29/8; Banglar Shikha (Cont), Cont, Sing, BSC, 29/8; Asimont (Cont), Cont, P Kel, Seabome, 29/8.

Vessels not Entering

Table with columns: KS Glory, C Clink, Sing, ASLL, 15/8; Boston Symphony, DAP (Feat), Sing, BSL, 15/8; Peranassos, C Clink, Cebu, ANCL, 20/8; Amalfi, C Clink, Krabi, NFT, 20/8; Express Progress, Mop (P), UKRA, PSL, 24/8; Dia-P, C Clink, Krabi, Litmond, 27/8; Alkimos, GTSP/IMAP, Aust, CCNL, 2/8; Alessia Prima, Scraping, Sing, OTBL, 28/7; Oriental Queen, Scraping, -, Seacom, R/A (20/8); Kinship, -, Sing, JF, 25/8; Accord, -, Sing, Viking, 5/4; Karya Sentosa, -, -, USTC, R/A (19/8).

Movement of vessels for 30, 31.08 & 02.09.2002

Table with columns: Outgoing, Incoming, Shifting. Lists vessel movements for 30/8, 31/8, and 02/9.

The above are yesterday's shipping position and performance of vessels at Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

STOCK