

NZ likely to ease monetary control

WELLINGTON, Aug 12: New Zealand's tough monetary control can be eased in view of improvements in the fight against inflation, reserve bank governor Don Brash said Monday, reports AFP.

There was now scope for further reductions in wholesale and interest rates, he said.

The central banker's monetary policy statement said the goal of price stability had "moved firmly into sight." "For the first time in three decades, confidence is growing that price stability is a realistic goal and one which is likely to be achieved," he added.

Brash forecast an inflation rate of around two per cent for the year to next December and one of 2.5 per cent for 1992.

Annual inflation was shown to be 2.8 per cent when the statistics department issued June quarter consumer price index figures last month.

Brash expected "underlying inflation," which excludes one-off price rises caused by government budget measures last month, to be at the bottom of a previously-forecast range of 2.5-4.5 per cent for this year.

\$46.3b S Korean budget likely

SEOUL, Aug 12: The South Korean government will propose a 46.3 billion Dollars budget for 1992, a 24 per cent hike which has the economic and defense ministries scrapping over priorities, the national news agency Yonhap said Monday, reports AFP.

The cabinet is putting the last touches on the budget and will send it to President Roh Tae-Woo by August 23 for his approval.

Officials at the Economic Planning Board (EPB), the top economic ministry, would not comment on the report. One said "we have not decided yet officially. We are in the process of doing so."

Yonhap said the EPB and the Defense Ministry were locking horns over the budget.

The 33.4 trillion Won (46.3 billion Dollars) government budget amounts to a 24 per cent rise over 1991, which the EPB says is needed to cover inflation and infrastructure work. Yonhap said.

BCCI official denies blackmail allegation

LONDON, Aug 12: An official at the Bank of Credit and Commerce International denied reports that he tried to blackmail the bank, and said other former executives were making him a scapegoat, the Financial Times reported Monday, says AP.

The daily said Syed Ziauddin Al Akbar, former head of BCCI's treasury department, denied he took documents when he left the bank in 1986 and used them later to blackmail it into paying him 32 million Dollars.

"It's absolute rubbish. I didn't take any papers," the newspaper quoted him as saying in an interview Sunday.

The auditors Price Waterhouse, who made those allegations and also said he had covered up treasury department losses of almost 1 billion Dollars, had not confronted him with the accusations, the Financial Times quoted Akbar as saying.

"The treasury division made at least 100 million Dollars profit while I was there," it quoted him as saying.

Vietnam-Australia joint venture to explore gold

HANOI, Aug 12: Vietnam and Australia have formed a joint venture mine gold in Bong Mieu, central Vietnam, the Vietnam News Agency (VNA) said Monday, reports AFP.

The Australian company Cotyco will provide 80 per cent of the capital for the 13.2 million Dollar joint venture, VNA said, adding that Vietnam's share would rise to 50 per cent.

The agency said the joint venture, called Bogomin, would employ some 300 miners and handle 150,000 tonnes of gold-bearing minerals in its first year.

Production at the country's largest mine will begin within nine months and is estimated to reach 4.2 million Grams (150,000 Ounces) of gold per year within five years, it said.

The Australian partner is responsible for finances and the provision of mining technology, VNA said.

The mine, situated near the city of Da Nang, was first discovered and developed by the French during Vietnam's colonial era.



In the driving seat: Peter Macfarlane, above, finance director of Rolls-Royce, has been appointed group finance director of Allied-Lyons, replacing Clifford Hatch, who resigned in March after the group revealed that massive losses, later confirmed at £147 million, had been incurred on its foreign exchange dealings. Mr Macfarlane, aged 53, is said to have a particular expertise in treasury operations.

Sharif continues programme Privatisation faces strong opposition

KARACHI, Aug 12: Pakistani Prime Minister Nawaz Sharif on Sunday pledged to sell off a state-owned bank to its employees and protect them from opposition promises to reverse the process, reports Reuter.

"We will give legal cover to the privatisation process," Sharif said as he handed over a letter of intent to staff of Allied Bank Limited (ABL).

The Allied Bank would be the second nationalised bank sold since Sharif came to power last November. But his privatisation programme faces strong opposition.

"We will nationalise all those units that are being de-nationalised, if voted back to power," opposition leader Benazir Bhutto said as thousands of people working for state enterprises went on a

five-day strike. The strike was called to protest against plans to sell more than 100 state units. But Sharif said he would not be deterred.

"I challenge you (the opposition) to try to reverse the process," Sharif told an invited audience of 3,000 people in Karachi. "The employees will not allow it. The masses will besiege them."

The government wants to give ABL's 7,325 employees control of the Bank by selling 26 per cent of its shares to them within 30 days, and another 25 per cent within six months.

Most of the remaining 49 per cent would be sold to the general public and the state-run National Investment Trust.

Latin America seeks economic integration

MEXICO CITY, Aug 12: Mexico and Central America are looking north, not south, for most of their future trading arrangements, reports AP.

As Mexico negotiates a free-trade deal with the United States and Canada, Central American nations draw closer than ever to each other, and to Mexico. There is talk of reviving the defunct Central American Common Market.

President Bush's proposal for a trade zone embracing the entire hemisphere was greeted with enthusiasm in Mexico and Central America, where the United States has long been the main trading partner.

Mexico is hedging its bets by pursuing stronger ties with Europe and Asia. It also is negotiating trade pacts with Colombia, Venezuela and Chile, and last month hosted a summit of 21 nations built around the economic integration of Latin America.

Mexico's proximity to the United States, familiarity with US culture and desire to attract investment from the world's largest market makes a North American common market natural.

Last year, the United States accounted for nearly 70 per cent of Mexico's 55 billion Dollars trade. Only 4 per cent of its trade was with other Latin American countries.

Although we share many cultural and historic ties with Latin America, economically we are far closer to the United States," said Sergio Sarmiento, a columnist for El Financiero, the leading business newspaper.

Central American leaders are not unanimous about a Mexico-US-Canada trade agreement. Some fear Mexico will usurp some of their US markets, but others believe Mexico could provide a door into the free-trade zone.

Latin American economies are just beginning to emerge from the "last decade" of the 1980s debt crisis and protectionist trade barriers still present formidable obstacles to integration.

Luis Pazos, an economist who runs the Center for the Investigation of Free Enterprise, said exporting to Brazil, for example, is nearly impossible because of trade restrictions.

British Aerospace agrees to rescue Brazilian arms industry

RIO DE JANEIRO, Aug 12: An agreement was reached Friday in London to carve up Engesa - Brazil's largest private defence contractor and a former supplier of Iraq, a newspaper reported Saturday, reports AFP.

Journal Do Brazil said Engesa was purchased by British Aerospace, which acquired a 40 per cent stake, and the Brazilian concerns Norberto Odebrecht (20 per cent), a Schahin Cury (20 per cent), Imbel (11 per cent) and Engesa management (9 per cent).

The paper did not mention the value of the transaction. But it said British Aerospace had been willing to pay 70 million Dollars for its share and to assume Engesa debt, which the arms manufacturer put at 400 million Dollars in its March 1990 financial report.

Engesa's woes began in 1987 when Iraq, its biggest customer, failed to pay an 80 million Dollar debt with the firm.

Gold output up despite floods in China

BEIJING, Aug 12: Gold production continued to rise in China despite unfavourable factors caused by the recent floods - China Daily reported today, say Xinhua.

Last month, the country's gold output registered a 14.5 per cent rise over the same period last year and was the highest compared to the increase of 11.3 per cent in April 7.5 per cent in May and 2.3 per cent in June, the newspaper quoted an official with the state gold administration.

According to the newspaper, the average growth in the January-July period was 9.8 per cent.

During the period, Henan province, the second largest gold producer after Shandong province, saw a 28.2 per cent rise from last year - the highest in the country, and has fulfilled 72.6 per cent of its annual output target, said the official.

**HONG KONG DOLLARS:** The Hong Kong Dollar finished stronger against major foreign currencies except the US Dollar Friday.

The local unit closed at 7.7625-7.7645 to the US Dollar little changed from Thursday's finish of 7.7635-7.7645 but slightly weaker than last Friday's finish of 7.7650-7.7670.

**MALAYSIAN RINGGIT:** The Malaysian Ringgit strengthened to close at 2.7700 to the US Dollar compared with 2.7880 the previous Friday.

The local unit opened the week at 2.7870 and was traded between a high of 2.7840 Monday and 2.7655 Thursday.

Palestinians, foreigners to be replaced Kuwait launches drive to recruit Arabs

MANAMA (Bahrain), Aug 12: Kuwait has launched a recruitment drive in neighbouring Gulf Arab states to fill jobs previously held by Palestinians and other foreigners, a Kuwaiti embassy spokesman said today reports Reuter.

"In the aftermath of the invasion we are trying to give jobs to GCC (Gulf Cooperation Council) citizens rather than other people - we have learned the danger of relying on foreigners," the spokesman said.

Before the Iraqi invasion, about two thirds of Kuwait's population of around two million were foreigners.

Palestinians formed the largest expatriate group with about 350,000 people but their numbers have since dwindled to 90,000 as a result of the government's decision to lay off as many Palestinian professionals as possible.

Most Kuwaitis openly sympathise with the step, a retaliation for the Palestine Liberation Organisation's support for Iraq during the Gulf crisis.

Some Palestinians in Kuwait were accused of collaborating with Iraq during its seven-month occupation and in the first days after the Emir's liberation, hundreds were tortured and killed by roaming gangs of Kuwaiti youths.

Kuwait announced last month it was terminating the contracts of more than 110,000 civil servants, most of

them Palestinians. The Kuwaiti embassy spokesman said his government was focusing its recruitment drive on teachers but was also looking for engineers, doctors and nurses.

"Education is the most sensitive job in Kuwait and other countries in the world because teachers have the task of raising a new generation," the spokesman said.

Bahrain - which was a growing unemployment problem - has promised to send the Emirate 200 teachers for the 1991-92 school year, the spokesman said.

Hundreds of others will be

recruited from the four other GCC members - Saudi Arabia, Oman, Qatar and the United Arab Emirates, he added.

Large advertisements for vacancies at Kuwait University, Kuwait Petroleum Corporation, and the Emirate's Ministries of Health, education and electricity and water, have appeared in Bahraini newspapers during the past few weeks.

Hundreds of Asian workers are returning to Kuwait to replace the estimated 500,000 which fled during the occupation. The Emirate is also trying to rebuild its tiny army but lack of manpower is a pressing problem.

Poland removes central bank chief

WARSAW, Aug 12: The head of Poland's central bank has been suspended in a scandal which, according to press reports on Saturday, involved a fraud of at least 130 million Dollars, reports Reuter.

Mikolaj Kozakiewicz, Speaker of the Sejm (lower house of parliament), ordered Orzeszko Wojtowicz, President of the National Bank of Poland (NBP), to "cease performing any functions" until the house can discuss and vote on the affair this month after its summer recess.

Kozakiewicz acted on Friday night after a request by

President Lech Walesa, who wanted the chief banker removed for his "lack of supervision."

Under the constitution, it is up to the President to recommend the appointment or removal of the head of the central bank to the Sejm, which then has to vote on the issue.

Wojtowicz's First Deputy, Wojciech Prokop, has been arrested, along with a Vice-President of Poland's biggest savings bank, PKO BP, and five other financiers.

They are accused of mis-managing state funds.

Business back to normal after rumours \$385 m withdrawn from HK Standard Chartered Bank

HONG KONG, Aug 12: Business was back to normal Monday at Standard Chartered Bank, where depositors had withdrawn 385 million Dollars in a panic run that officials blamed on rumours intended to undermine Hong Kong's banking system, reports AP.

A spokesman for Standard Chartered, one of two banks authorised to issue currency for the British colony, said there was no unusual activity at any of its branches that were hit by heavy withdrawals Friday and Saturday.

David Nendick, Hong Kong's Secretary for Monetary Affairs, blamed the run on "an orchestrated campaign by people determined to destabilise banks in Hong Kong."

He suggested that angry

depositors of the Hong Kong branch of the scandal-plagued Bank of Credit and Commerce, which was shut down by the colonial government on July 8, may have been responsible.

A spokesman for BCCI depositors on Friday denied Nendick's allegation and said the run on Standard Chartered, and minor runs earlier on branches of the US-based Citibank, reflected public mistrust of the government.

The depositors said confidence in the government was badly shaken after it closed CCI two days after assuring depositors their deposits were protected. The depositors now fear they may be able to reclaim only a fraction of their savings.

The government has

ordered an investigation to trace the source of the rumours that triggered the bank runs. The colony's Acting Governor, Sir David Ford, said the government will prosecute those responsible.

On Saturday, the colony's two largest banks - the Hong Kong and Shanghai Banking Corp and the Bank of China - issued an unprecedented joint statement saying the territory's banking system remained solvent.

Referring to the Price Waterhouse auditors, Akbar was quoted as saying, "I am the culprit. Even now they haven't contacted me."

India to substitute natural gas for oil imports

NEW DELHI, Aug 12: The Indian government is planning to use natural gas to substitute for oil imports that have put an enormous strain on the balance of payments position since the Gulf crisis, reports Xinhua.

Minister for Petroleum and Natural Gas B. Shakaranand made the disclosure while inaugurating a seminar on Compressed Natural Gas (CNG) implementation for transportation in India at the Indira Gandhi Institute of Development Research in Bombay yesterday.

The Minister was quoted by the Press Trust of India as saying that a time-bound action plan for utilizing the country's 686 billion cubic meters of proven natural gas reserves in the transport, industrial and domestic sectors was on the anvil.

Natural gas could substitute at least one-fourth of the total demand for oil in the country and be effectively used in replacing diesel and petrol in the transport sector, kerosene and liquefied petroleum gas in the domestic sector, diesel oil

and fuel oil in the power sector and naphtha in the fertilizer industry, he said.

The government was examining proposals for introduction of CNG in the transport sector at selected locations in the northeastern states of Assam and Tripura, Bombay, Delhi and the western state of Gujarat and prima facie the

Horticulture gets priority in India

NEW DELHI, Aug 12: The Agriculture Ministry of India has accorded priority to horticulture as growing fruits, vegetables, spices and plantation crops would generate more employment opportunities and fetch higher income to the farmer, reports Xinhua.

According to the annual report of the ministry which was published here recently, special attention to these crops is necessary for ensuring 'nutritional security' after the achievement of food security following the self-sufficiency in cereal production.

substitution of petrol with CNG appears to be an economically viable proposition, he added.

Shakaranand said a long term gas policy was most essential for the optimum use of gas reserves and a plan for regional Gas Grid in the southern states was on the cards on the lines of those functioning in Assam and Gujarat.

On the basis of experience gained by several countries academic work in India and trials by the Oil and Natural Gas Commission, Oil India Ltd and Indo-Burma Petroleum Company on different types of vehicles it was perceived that efforts towards substitution of liquid petroleum fuels by CNG could be a step in the right direction, he noted.

The Petroleum Minister noted that from a demand of 54.1 Million Metric Tons (MMT) in 1989-90, the demand for petroleum products was projected to be around 77.7 MMT in 1994-95 and 101.3 MMT in 1999-2000.

The level of self-sufficiency in crude oil production was expected to drop from 59.02 per cent in 1989-90 to 53.2 per cent by 2000 AD

Islami Bank distributes 15 mishuks

Star Economic Report  
Islami Bank Bangladesh Limited distributed 15 mishuks in a simple function held on Monday under its Self-Reliant Scheme on the basis of 'pay as you earn'.

Commodore Mohammad Ataur Rahman (Retd) handed over keys of mishuk among unemployed youths as the chief guest at the premises of Islami Bank Training & Research Academy.

Lutfur Rahman Sarkar, Executive President of the Bank presided on the occasion. The function was addressed among others by Mr. M. Atizul Haq, Deputy Executive President of the Bank. Mr. Shaifuddin Dewan, one of the Directors of the Bank, Mr. Kamaluddin Chowdhury, Executive Vice President of International Division, Janab Sayedur Rahman Chowdhury, Executive Vice President of Investment Division and other officials were also present on the occasion.

Later the mishuk drivers paraded the main city streets, Press Club, Shah Bag, Science Laboratory, Asad Gate, Manik Miah Avenue, Farm Gate, Bangla Motor, Mouchak and Purana Pathan.

Islami Bank Bangladesh Limited in collaboration with Islamic Development Bank undertook the programme for introducing motorised rickshaws Mishuk and Shujan for employment of unemployed youths and solving the transportation problem of the country.

BSB Manager dead

Md Serajul Haque, Senior Manager, Bangladesh Shilpa Bank (BSB) died at Holy Family Red Crescent Hospital on Saturday after prolonged illness. He was 44.

Haque joined the bank on June 8, 1977 and discharged his duties with reputation in various capacities. He left behind his widow, one daughter, two sons, many relatives and admirers to mourn his death.

His Namaz-e-Janaza was held on Sunday at Green Road Staff Quarter's Mosque and at Bank's Head Office premises.

He was buried at Azimpur graveyard.

Tk 9.65 to be disbursed among farmers

BARISAL, Aug 12: Sonali Bank will disburse Taka 9.65 crore among the farmers of 16 southern districts of Khulna Divisions for the cultivation of transplanted aman paddy in the current season, reports BSS.

A bank source said, Tk 95 lakh will be disbursed in Barisal district, Tk 40 lakh in Jhalakati, Tk 65 lakh in Pirojpur, Tk 85 lakh in Patuakhali, Tk 55 lakh in Bhola, Tk 52 lakh each in Chuadanga and Bagerhat, Tk 53 lakh in Satkhira, Tk 93 lakh in Kusthia, Tk 45 lakh in Metherpur, Tk 70 lakh in Jhenidah, Tk one crore in Jessore, Tk 55 lakh in Narail and Tk 35 lakh each in Khulna, Magura and Barguna districts.

The disbursement of loan has already been started and will continue till September next, the bank source said.

Bankruptcies rise in UK

LONDON, Aug 12: Britain's recession pushed up the number of bankruptcies by 44 per cent and brought down pre-tax profits in trading and manufacturing by 2 per cent last year the Bank of England reported Monday, says AFP.

The British central bank noted that overall profits still remained stronger than they were in the recessions of 1974-1975 and 1980-1981. Durable goods-manufacturing and housing were among the worst-hit sectors, the bank said.

Share prices hit record high in HK

HONG KONG, Aug 12: Share prices rose sharply to hit another record high following interest rate cuts on savings Monday with the Hang Seng index gaining 46.13 points or 1.15 per cent to close at 4,070.14, reports AFP.

Turnover dropped to 1.3 billion Dollars (173 million US), from Friday's 1.4 billion Dollars (187 million US).

The market opened strongly following a half a percentage cut on saving interest rates which went into effect Monday with the key barometer gaining more than 50 points at one time.

The index closed 40.35 points up before the noontime break as business resumed as normal at Standard Chartered Bank following a two-day run on the bank

Most Asian currencies up against US Dollar

HONG KONG, Aug 12: Most major Asian currencies continued their rise against the US Dollar during the week, reports AFP.

The few units to lose ground included the Hong Kong Dollar, the New Zealand Dollar and the South Korean Won.

Amongst those that rose in value were the Yen, the Indonesian Rupiah, the Malaysian Ringgit, the Philippine Peso and the Thai Baht along with the Australian Dollar and Singapore Dollars.

**JAPANESE YEN:** The Yen eased after a steady rise against the Dollar to close at 136.30 Yen per Dollar up from

137.53 Yen a week earlier.

The Yen gained for most of the week as the Greenback wined at uncertainty over the US economic recovery and the US Federal Reserve Board took an easier credit stance dealers said.

**AUSTRALIAN DOLLAR:** the Australian Dollar rose against the US Dollar during the week propelled by the government's rejection of interest rate cuts despite a fall in inflation to a 21 year low of 3.4 per cent dealers said.

The Dollar closed at 78.20 US cent compared to last week's finish of 77.80 US cents.

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**NEW ZEALAND DOLLAR:** The New Zealand Dollar closed Friday at 57.07 US cents, against the close a week earlier of 57.24.

The Kiwi spent most of the week trying to break through the 57.70 cents level.

**PHILIPPINE PESO:** The Philippine Peso improved from 27.56 to the US Dollar on August 2 to 27.525 on Monday, 27.485 on Tuesday, 27.4 on Wednesday where it remained for the rest of the week.

**SINGAPORE DOLLAR:** The Singapore Dollar finished firmer against the US Dollar at an exchange rate of 1.7200 here Thursday against last

Friday's mark of 1.7430.

Banks and money markets were closed Friday for Singapore's national day holiday.

**SOUTH KOREAN WON:** The Won weakened from 726.70 Won a week ago to 730.0 Won Friday as demand for Dollars increased during the first week of the month to pay for imports.

Average daily turnover was a modest 200 million Dollars.

**TAIWAN DOLLAR:** The Taiwan currency gained to wind up Friday at 26.7215 to the US Dollar, up 7.85 Taiwan cents from the previous week's finish of 26.8.

26.746, the local unit drifted between 26.7805 and 26.7215 in active trading, market dealers said.

**THAI BAHT:** The Thai Baht continued to strengthen against the US Dollar closing Friday at 25.65 Baht per Dollar compared with 25.73 a week ago, a Thai farmers bank official said.

The Baht became stronger after the Greenback fell against other major currencies in overseas markets, the official said.

The Baht is expected to remain firm against the Dollar next week after trading begins Tuesday.