

**Dollar up in New York**

NEW YORK, Sept 11: The Dollar bounced back from several days on the decline to post modest gains Tuesday against most currencies, but trading was light as dealers awaited economic statistics due out this week, reports AFP.

The Greenback edged up to 1.6935 German Marks from 1.6830 Monday, and to 134.78 Yen from 134.65.

The Dollar increased to 5.7620 French Francs (5.7587), 0.5780 Pounds Sterling (0.5768). But it lost fractions against the Swiss Franc, to 1.4900 from 1.4845.

Gold lost 1.20 Dollars to close at 349.90 Dollars an ounce.

A Citibank trader attributed the Dollar's slight rise to technical factors.

Describing the day's trading volume as thin, the dealer said investors were reluctant to take positions ahead of the release of three key statistics — wholesale prices on Thursday, and retail prices and retail sales on Friday.

Good news on the inflation front could prompt the Federal Reserve to lower interest rates, which in turn would push the Dollar down, the Citibank trader said.

**Latvia, Estonia seek to join EBRD**

LONDON, Sept 11: The newly-independent Baltic Republics of Latvia and Estonia have asked to join the European Bank for Reconstruction and Development (EBRD), the EBRD said today, reports AFP.

The applications came a day after Estonia asked to join the International Monetary Fund (IMF) and less than a week after Moscow recognised the independence of Latvia, Estonia and Lithuania.

London-based EBRD, set up in April to help the reforming Eastern European Economies, said it welcomed the applications and would be sending a delegation to the Latvian capital, Riga, and to Estonia in the near future.

A spokesman for the EBRD had said last week that the bank was ready to consider applications for membership from the Baltic states once they had been recognised by the international community.

**Estonia applies for World Bank membership**

WASHINGTON, Sept 11: Newly independent Estonia formally requested membership in the World Bank, the international lending giant said Tuesday, reports AFP.

Estonia's request will be considered by the Bank's Board of Directors, a statement by the Bank said.

On Monday, Estonia requested admission to the International Monetary Fund (IMF). It is the first of the three Baltic Republics — Lithuania and Latvia are the other two — to seek membership in the two institutions.

The Soviet Union, which Friday recognized the independence of the three republics, requested membership in the IMF and the World Bank in July but leading western nations proposed instead an associate status for Moscow.

**Gulf developments boost oil prices**

LONDON, Sept 11: Oil prices rose on Tuesday after Gulf developments prompted some buying in an otherwise featureless market, traders said, reports Reuters.

North Sea Brent blend, the market for internationally traded crude oil, gained 12 cents on October futures in London from Monday's close to stand at 19.96 Dollar a Barrel by 1700 GMT.

The New York October futures contract for light crude was 13 cents higher at 21.46 Dollars.

Traders said the higher prices were prompted by a report that Iraqi troops crossed the Kuwaiti border and killed one security officer. News that United Nations inspection teams had discovered that Iraq had reassembled scud missile launchers which were thought to have been scrapped also sparked buying.

The market attached particular sensitivity to the reports as the UN Security Council is at present considering how to allow Iraq to recommence oil sales to raise cash, primarily to pay for food and medicine.

The United Nations decided last month that Iraq should be allowed to sell 1.6 billion Dollars worth of oil over a period of six months. However, UN Secretary General Javier Perez de Cuellar favours allowing Iraq to sell around 2.4 billion Dollars worth of oil.

**India's GDP to slow down**

NEW DELHI, Sept 11: India's central bank warned of a steady decline in the country's Gross Domestic Product (GDP) and industrial growth in the current fiscal year, reports AFP.

The Reserve Bank of India (RBI) said in its annual report published here Tuesday that the industrial growth rate may stagnate at six per cent in the year ending March 31, 1992, against 8.4 per cent last year.

It added that the GDP, or growth of income, was estimated to decline to three per cent in 1991-92, down from five per cent in 1990-91 and 5.2 per cent in 1989-90.

But the report said that in "the backdrop of the difficulties faced by the economy, a GDP growth rate of three per cent in 1991-92, if achieved, should be considered as a very satisfactory performance."

The RBI said all indications pointed to a reduction in the growth rate of major sectors, and called for continued tight monetary policy as well as import compression besides containing over-consumption.

The report, which reflects

government thinking, appeared to indicate that there would be no immediate rescue for India's economy, facing its worst crisis since the country's independence from Britain in 1947.

The Indian fiscal crunch has been marked by declining foreign exchange reserves and burgeoning budgetary deficits, which have forced the government to resort to emergency measures including sale of gold.

The RBI report said that while agro-based industries might not be affected by import compression, such sectors like electronics and computers, plastic goods and mini steel plants which have a relatively high import content would face subdued growth during 1991-92.

Agricultural production, it added, would grow by about one per cent. The report said the performance of the export sector was not satisfactory during 1990-91, while infrastructure and services sectors registered a sluggish growth.

The RBI, quoting "quick estimates," said India's trade deficit in 1990-91 stood at 8.4 billion Dollars, up 667 million Dollars from 1989-90.

New Delhi has introduced drastic reforms to open up its regimented market, and announced a major devaluation of the Rupee to attract foreign capital and to shore up its economy.

The RBI report also suggested deregulating interest rates.

**Wall Street share prices down**

NEW YORK, Sept 11: Prices on Wall Street slid under the 3,000 mark Tuesday, with the Dow Jones index of 30 leading industrials down 19.24 points to 2,987.92 after midday trading, reports AFP.

Trading was moderate with some 49 million shares changing hands.

Analysts said bluechip prices were lower due to expectations that third quarter industry results would be disappointing and because the Federal Reserve had made no move to lower interest rates.

**N Korea seeks more trade with S Korea**

SEOUL (South Korea), Sept 11: Communist North Korea, in an apparent policy shift, is placing large orders for South Korean goods, including color televisions and daily necessities, officials said Wednesday, reports AP.

Trade and Industry Ministry officials said the orders under negotiation total about 30 million Dollars.

Officials figure South Korean imports from North Korea totaled 111 million Dollars in the first eight months of this year, a 12-fold jump from a year earlier. But exports to the North in the same period grew only 11 per cent to 12.6 million Dollars. Most of South Korea's imports from the North are raw materials.

South Korean officials say North Korea has suffered economic difficulties since early this year, after its relations with the Soviet Union began souring.

South Korea opened diplomatic relations last October with Moscow, which has been North Korea's main supplier of arms, oil and other materials. The North has denounced the Soviet Union for seeking ties with South Korea.

Meanwhile, a report said Samsung Trading Co, a leading South Korean company, is seeking joint ventures with North Korea to produce footwear, garments and color television parts.

**\$ 289 b Japanese draft budget presented**

TOKYO, Sept 11: Japan's Finance Minister Ryutaro Hashimoto presented to cabinet Tuesday the government's budget requests for the upcoming financial year with general spending requests showing the sharpest increase in 10 years, reports AFP.

Requests for general expenditure from government ministries and agencies which account for almost half the overall budget were up 5.2 per cent from last year, at 89,956 billion Yen (289 billion Dollars).

The increase, for the period starting in March next year, was the sharpest since 1982.

Overall budget requests, as reported at the end of last month when the Finance Ministry stopped accepting spending proposals, were up 8.3 per cent at 76,178 billion Yen (564 billion Dollars).

Among the other main components of the overall budget, requests for tax grants for local governments were up 15 per cent at 18,376 billion Yen (136 billion Dollars), request for funds to service government debt grew 9.4 per cent to 17,546 billion Yen (130 billion Dollars).

Requests for public works funded by the sales of shares in government-controlled Nippon Telegraph and Telephone Corp accounted for an additional 1,300 billion Yen (10 billion Dollars).

The government is scheduled to finalise its draft budget in December after holding hearings with various ministries and agencies.

Manila's foreign exchange reserve rises by 60 pc

MANILA, Sept 11: The Philippines' gross international reserves had risen 60 per cent to 3.4 billion Dollars at the end of August compared to the same time last year, Central Bank (CB) documents released Tuesday said, reports AFP.

The sum was a sharp increase over the 2.12 billion Dollars posted at the end of August, 1990 and a slight increase from the 3.29 billion Dollars posted at the end of July, 1991.

The increase was due largely to a sharp hike in foreign investments which rose to 2.015 billion Dollars at the end of August, 1991 compared to 1.89 billion Dollars at the end of July, 1991 and 825 million Dollars as of the end of last year.

Pashko and Foreign Minister Muhamet Kaplani are also due to sign an agreement with Italian Foreign Minister Gianni Michelis on protecting foreign investment in Albania. This will pave the way for Italian firms to put money into Albania.

Officials said Pashko and the Albanian Ministers for Finance, Foreign Trade and Oil would also have talks with leading Italian companies.

Italy, which has taken Albania under its economic wing, is to sign agreements this week protecting Italian investments in Rome's former Balkan colony and giving an Italian state firm oil exploration rights, reports Reuters.

The agreements will be signed during a visit by six Albanian Ministers who arrive today to seek help from Italian public and private sector firms in rebuilding the country's shattered economy, a Foreign Ministry spokesman said.

Italy, which invaded Albania twice this century, has undertaken to cover its neighbour's basic food needs for the next three months and has sent 700 soldiers to Albania's two main ports to organise the distribution of supplies.

They are the first Italian troops to be stationed in Albania since the Italian army withdrew in 1943. The soldiers are also expected to warn Italy if there is any attempt to stage a new seaborne exodus from Albania.

Some 40,000 Albanians have escaped over the Adriatic sea since the beginning of this year, causing chaos in southern Italian ports. Italian authorities last month sent back 17,000 Albanians who crossed over in a fleet of rusty ships.

Italy, desperately trying to stem the flow of refugees, agreed to train a new Albanian police force and granted 85 million Dollars in emergency aid after last month's exodus.



WASHINGTON: Chase Untermeyer speaks to employees of the Voice of America (VOA) after being sworn in as the 18th director of the VOA. Untermeyer will also oversee the office of Cuba Broadcasting, consisting of Radio and TV Marti and the US Information Agency's WORLDNET television service. — AFP/UNB photo

**China to curb new constructions**

BEIJING, Sept 11: China, tightening credit amid crushing domestic debt defaults, has ordered curbs on new building projects, the official China Daily newspaper said on Tuesday, reports Reuters.

The move signalled a firm commitment by Chinese leaders to crack down on debt-ridden state enterprises that are mainly responsible for the building boom, Western diplomats said.

The order came in a circular issued on August 29 by the state council, or cabinet, the newspaper said.

The state council circular forbids all construction projects to proceed except for those in agriculture, water conservancy, energy, communications, education, public health, grain storage, housing and technical upgrading in line with the government industrial policy," it said.

Investment in new construction soared 71.2 per cent in the first seven months of this year compared with 1990,

it said. "A sharp rise in capital construction projects in the first half of this year threatens the state's efforts to control the total fixed assets input and to adjust the country's industrial structure," the newspaper said.

China's economic planners, alarmed by an overheated economy and runaway inflation, tightened credit in an austerity policy in September, 1988.

The credit screws have since been loosened, but Western diplomats said the latest circular was a sign of a new wave of badly needed rationalisation of China's debt-ridden economy.

"This is an early sign that the senior leadership is willing to take reforms seriously and to take a stronger stand on state enterprises," a senior Western diplomat said.

"They are the main offenders on the construction boom and the debt defaults that are plaguing the government," he said.

The total defaults of businesses, including state ones, stood at a hefty 270 billion Yuan (50 billion Dollars) this year, the China Daily said earlier.

Squeezing new construction was an important step, a Western economist said. They needed to rein in the construction boom to help curb the debt defaults."

The government, desperate to prop up inefficient state enterprises, created large amount of credit for them, including big bond issues in recent weeks.

Premier Li Peng discussed ways to boost state firms' performances, created at four meeting this week, the official People's Daily newspaper said on Tuesday.

"We need to further improve the political core function of the party organisations in state enterprises, improve the managerial responsibility system and rely on the working class wholeheartedly," it quoted Li as saying.

**Italy protects investment in Albania**

ROME, Sept 11: Italy, which has taken Albania under its economic wing, is to sign agreements this week protecting Italian investments in Rome's former Balkan colony and giving an Italian state firm oil exploration rights, reports Reuters.

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Albania Deputy Prime Minister Gramoz Pashko will sign an agreement with the state energy group granting its Agip subsidiary the right to

explore one of Albania's five offshore oil blocks, officials said.

Albania, which has been producing oil since 1927, has proven reserves of 200 million Tonnes at production sites in the south of the country, but only a tiny fraction of that oil can be recovered with existing techniques.

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**Fate of COMECON assets doubtful**

BUDAPEST, Sept 11: Nations in the former communist economic grouping COMECON have failed to decide how to share out their assets, Hungarian Minister of International Economic Relations Bela Kadar said here Tuesday, reports AFP.

Kadar, who is head of the liquidation committee of the Council for Mutual Economic Assistance (COMECON), said that no results had been achieved during two days of fresh talks in Moscow.

The 59-million Rouble (about 15-million-Dollars) COMECON palace in Moscow as well as other assets were at stake in sour debates which failed to narrow the gap between opposing standpoints, Kadar told reporters at Budapest's Ferihegy Airport on his return from the Soviet capital.

The Soviet side has told the Polish and Czechoslovak representatives to give up their parts in favour of the Moscow

municipal government, to whom they thought the palace belonged.

Other member states, however, with the exception of Cuba and Vietnam, said that the building should be used jointly.

Kadar said that Hungary, which held ten per cent of the palace, could accept another, 2,000 square metre (2,400 square yard) property of the same value instead.

The 90-day mandate of the liquidation committee, set up after the ceremonial self-dissolution of COMECON in Budapest at the end of June, expires in two weeks, and no decision was reached to prolong its activities, Kadar said.

COMECON, founded in Moscow in 1949, included the Soviet Union, Hungary, Czechoslovakia, Poland, Bulgaria, Romania, Vietnam, Cuba and Mongolia, as well as East Germany before German re-unification.

**Gulf war helps US earn record profit**

WASHINGTON, Sept 11: Record foreign sales and direct cash payments from abroad for the US-led Gulf war effort helped the United States post its first back-to-back trade surpluses in nine years in the first and second quarters, the government said on Tuesday, reports Reuters.

The nation's surplus of trade with the rest of the world in goods, services and tourism was 2.97 billion Dollars between April and June compared with a surplus of 10.50 billion Dollars in the January-March first quarter.

Not since the first and second quarters of 1982 has the United States had two consecutive three-month periods when it recorded a surplus in its current account.

The current account is the country's most significant trade measure because it in-

cludes not simply trade in merchandise but also services and investment flows between countries.

The biggest impact on trade came from direct cash payments to the treasury from foreign governments in the Middle East and elsewhere, which were agreed to as part to America's primary role in ousting Iraq from Kuwait earlier this year.

The level of the surplus continued to reflect the large impact on net unilateral transfers of cash contributions from coalition partners in Operation Desert Storm, the Department said.

These contributions decreased sharply in the second quarter and more than accounted for the decrease in the surplus, it added.

**'India's trade with Soviet Union awaits big change'**

CALCUTTA, Sept 11: India's trade with the Soviet Union would undergo a 'sea change' as a result of the developments taking place there, according to the President of the Indian Chamber of Commerce, Deepak Khaitan, reports PTI.

Addressing his maiden press conference after taking over as the Chamber President, Khaitan said that the changes in Soviet Union would have a great impact on Indian exports.

He said that after the current turmoil settles down, there would be an emphasis on contracts between individual companies rather than countries and Indian exporters would have to improve the quality of their wares and offer a competitive price to keep up their present level of exports.

Khaitan listed the developments in Soviet Union and the unification of the European market as two major international developments that

would have a bearing on the exports.

He said that there was a need to improve the infrastructural aspects of the economy, while allowing imports for exports at a reasonable duty.

Khaitan was of the view that the credit curbs imposed by the Reserve Bank of India would nullify all the good intentions of the new industrial policy.

Turning to West Bengal, Khaitan said the state should formulate a new incentives package for industrialists which would be the best among all the states in the country.

Pointing out that the package formulated last year was not good enough, Khaitan said that this was evident from the fact that no new investment worth the mention had taken place in the state in the last six months.

**Prague disappointed at France's trade blockade**

PRAGUE, Sept 11: Czechoslovakian Deputy Foreign Minister Zdenko Pirek summoned the French Ambassador here Tuesday to express Prague's disappointment that Paris had blocked a trade agreement with the European Community (EC), reports AFP.

France's refusal to open its markets to meat imports from Czechoslovakia, Poland and Hungary prevented the EC from reaching agreement Friday on an association agreement with the three Eastern European countries.

Pirek told French Ambassador Jean Geignou that Paris' stand had "prevented the widening of the mandate

in negotiations on integrating the three countries into the EC," the CTK news agency said.

The Deputy Minister stressed that Czechoslovakia wanted the EC to consider the association agreement with the three Eastern European countries not only as an economic matter, but also "from a wider political and security perspective, taking into account the need to stabilise the new democracies in Europe."

He hoped France would "rise above the interests of particular lobby groups" and would withdraw its objections at the next negotiating session on September 30.

Blewett launched a booklet to be distributed through Australian embassies, outlining the cost to EC consumers and taxpayers of the massive subsidies of the common agricultural policy (CAP).

The pamphlet demonstrates that the CAP not only grossly distorts world trade, but also massively inflates the price EC consumers are charged for farm produce and the amount of tax they have to pay," Blewett said.

He was speaking shortly after Francisco Valenzuela, until recently President of the Honduran Coffee Institute, told reporters he had been removed from his post on rumours that he had called for the investigation.

During that period some suspicious coffee shipments appeared to have gone from Honduras to Jordan on their way to an unspecified third country, he said.

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**Pak plan to introduce deposit insurance**

ISLAMABAD, Sept 11: The Pakistan government, jolted by a multi-million Dollar banking swindle, is planning to introduce a deposit insurance scheme, Finance Minister Sartaj Aziz said, reports AFP.

The government has asked the State (central) Bank of Pakistan to formulate such a scheme to protect depositors' money, he said in an interview carried by daily The News on Monday.

He said the scheme was necessary because "the confidence of the general public has been shaken" by the recent scandals involving finance companies, cooperatives and corporations.

Some 200 cooperative firms, many of which are patronised by ministers and ruling party deputies, have defied banking rules by offering interest-earning accounts without making good on them.

Initially, they paid out the interest, apparently from the depositors own money, the gain their confidence.

Their misuse of tens of thousands of people's life savings, amounting to more than one million Dollars, sparked a public outcry, backed by the opposition, which has put the government on the defensive.

Former Premier Benazir Bhutto, launching a spirited campaign against the fraud, last month scolded the government with a 30-day ultimatum to compensate the people cheated by these firms.

After studying different models of depositors' insurance in other countries the government will formulate a scheme 'which suits Pakistan's conditions the best,' he was quoted as telling the News.

This will also open up new avenues for the insurance business in the private sector, he added.

**'NAM should focus on economy'**

NEW DELHI, Sept 11: The Non-Aligned Movement (NAM) should now shift focus on economic matters in order to reshape its priorities with the disappearance of military and power blocs and emergence of new economic blocs following the end of Cold War, the External Affairs Minister, Madhav Singh Solanki, said Today, reports PTI.

Talking to newsmen at the airport on his arrival here this morning, Solanki, who led the Indian delegation to the tenth ministerial meeting of the NAM in Accra last week, said "now the relationship between developing and developed countries should be the main activity of the NAM member countries apart from issues like disarmament and international peace."

Replying to