

Inflation rises in Israel

CAIRO, Nov 16: Israel's inflation climbed at a relatively slow pace in October, largely thanks to a drop in housing costs, according to reports from Jerusalem, reports Xinhua.

The single-month inflation rate, measured in Consumer Price Index (CPI), rose by 0.4 per cent in October, which has been the lowest monthly increase so far this year due to a three-per cent drop in housing prices, reports quoted Israel's Central Statistics Bureau as saying.

Housing prices have been the dominant factor in the hiking inflation over the first 10 months of 1991, which totaled 17.5 per cent. The inflated housing prices have also been linked to the continued influx of Soviet Jews into Israel.

October's rise in Consumer Price Index (CPI), was attributed to increased costs in clothing and transportation as well as a hike in the price of food, excluding fruits and vegetables, the official statistics bureau was quoted as saying.

Israel's annual inflation rate has been running at about 20 per cent. The rate in 1990 totalled 17.6 per cent.

Israeli newspapers reported today a record 1,44,700 people, or roughly 10.8 per cent of the total workforce, were jobless in October.

This unemployment rate meant a 5.4 per cent rise over September which was attributed to the addition to the workforce of some of the 300,000 Soviet Jews who have immigrated to Israel since the middle of 1989.

Unemployment forecast for 1992 will be 12 per cent of the workforce, the reports said.

Bank of Finland ups call money rate

HELSINKI, Nov 16: The Bank of Finland said it raised its call money rate to 20 per cent from 15 per cent from November 14, reports Reuters.

This implies that the penalty rate is now 40 per cent of a Bank of Finland statement.

The penalty rate is normally charged for call money credits when the five-day moving average of a bank's call money position is negative.

The bank's parliamentary supervisors earlier raised the maximum call money credit rate to 50 per cent from 30 per cent, giving the board the right to raise rates within that limit.

Finnish short-term rates rose sharply following the central bank's moves.

Some Bank's quotations for the one-month certificate of deposit rate rose to around 30 per cent by 0910 GMT from the market's opening at 23.25/30 per cent.

The spread on the one-month rate varied between three and five percentage points.

Dramatic fall in Canadian inflation rate

OTTAWA, Nov 16: Canada's annual inflation rate dropped dramatically last month, to 4.4 per cent compared to 5.4 per cent in September, the government said Friday, reports AFP.

The news was greeted quickly by one major commercial bank which announced it would be cutting its prime rate a quarter-point, effective from Monday.

The new prime rate for the Bank of Montreal, a traditional trend-setter on commercial interest rates in Canada, will be 8.25 per cent, its lowest in 13 and a half years.

However, the cut surprised some as the Bank of Canada Thursday announced a slight increase in the Canadian bank rate. The Bank of Canada set the rate Thursday at 7.75 per cent, compared to the previous week's rate of 7.75 per cent.

This ended a series of weekly rate cutting, uninterrupted since September, and followed a sharp fall in the Canadian Dollar's value against the US Dollar.

But with inflation falling, the Bank of Montreal went ahead with its interest rate cut.

The nation's Consumer Price Index (CPI) was down for the second straight month, at 126.5 points (with 1986 prices providing the base of 100), according to figures released by Statistics Canada. This was down 0.2 points compared to September when a similar decline was recorded.

In seasonally adjusted terms, the all-items CPI was off 0.4 per cent in October, but unchanged in September.

The agency noted: "declines in seasonally adjusted terms are rare, the last two have been noted in January 1983 and February 1991."

The Canadian Dollar was down fractionally in early Toronto trading Friday, at 0.8841 US Dollars.

Oil prices shoot up as Russia suspends export licences

MOSCOW, Nov 16: The Russian Federation is suspending oil export licences in order to keep reserves for the winter, Russian Deputy Prime Minister Yegor Gaidar told the republic's Parliament on Friday, reports AFP.

In a speech shown on Russian television, Gaidar said the move to suspend export licences for petroleum products was essential, otherwise "we will have absolutely nothing to burn this winter."

Export licenses represent 100 million to 150 million tons of oil a year, over a third of Russia's output, the minister said. He told deputies that "if oil exports continue at that rate, the country's heating system risks a total halt this winter."

Russia turns out about 80 per cent of all Soviet oil.

In London, North Sea Brent crude oil for January delivery was up by 26 cents a barrel late Friday afternoon from the Thursday close at 21.36 Dollars a barrel, while gas oil was up by 7.75 Dollars a ton at 209.25 Dollars, also for January delivery.

AP adds from New York: Oil prices shot up Friday morning on news that the Soviet Union's Russian republic was cancelling some international oil export licenses.

Although the precise amount of oil that could be removed from the world supply stream remained unclear, Soviet exports to the West equal about half the amount removed by Iraq's invasion of Kuwait.

The Soviet Union is the world's largest petroleum producer and a major exporter.

Russia produces about 90 per cent of Soviet petroleum.

Futures contracts for refined petroleum products also rose, with home heating oil showing the biggest gains.

The heating oil is most directly affected by fears of supply disruptions from the Soviet Union because the Soviets are a major supplier of gas-oil, the European equivalent of oil used to heat buildings.

In New York, home heating oil for delivery in December was up 1.2549ts a gallon, at 66.95 cents, while unleaded gasoline for delivery in December was up .76 cent, at 63.95 cent. One gallon equals 3.8 liters.

All the licenses suspended Friday represented international contracts, but others remain in effect, the Russian government said.

US stocks decline sharply

NEW YORK, Nov 16: The stock market tumbled to its fifth-biggest drop ever Friday in a major afternoon sell-off prompted by mounting pessimism about the economy, reports AP.

"It's a free fall right now. People are going off the ski jump," Christopher Pedersen, Director of trading at Twenty-First Securities Corp., said shortly before the 2100 GMT close of trading.

The Dow Jones Industrial Average of 30 leading stocks plummeted 120.31, to close at 2,943.20, the biggest point drop since the "mini-crash" of Oct. 13, 1989.

Analysts said the decline reflected a series of negative economic reports this week, as well as congressional calls for a cap on the amount that banks can charge consumers on credit-card interests rates.

Earnings disappointments at a variety of companies contributed to a general belief that the market was overpriced.

Pedersen said the sell-off Friday was concentrated in blue-chip stocks, predominantly in the Dow Jones average of 30 industrial companies.

Earlier report adds: The stock market took its sharpest drop in more than two years Friday, battered by worries over a lagging economy.

Analysts said the selloff appeared to reflect an accumulation of doubts about recovery prospects, rather than any dramatic news development.

"For a lot of people concern about the economy is clearly intensifying," said Hugh Johnson, an analyst at First Albany Corp. in Albany, New York.

"The response to that had been orderly, but today it became very emotional," Johnson added. "A lot of money managers have some big gains for the year, and they're afraid of giving them back."

In the economic news, the Federal Reserve Board re-

ported that industrial production was unchanged in October, well within the range of analysts forecasts.

Declining issues outnumbered gainers by nearly 5 to 1 on the New York Stock Exchange, with 302 up, 1,484 down and 363 unchanged.

NYSE volume came to an estimated 236 million shares as of 2100 GMT, against 199.98 million at the same point in the previous session.

The NYSE's composite index slumped 7.24 to 211.98.

Among some major companies, IBM was down 2.75 Dollars at 97.25 Dollars in late trading. General Electric was off 2.50 Dollars to 67.875 Dollars. Exxon dropped 1.50 Dollars to 58.25 Dollars and AT and T was off 1 Dollar to 37.50 Dollars.

On the Chicago Mercantile Exchange, the Standard and Poor's 500 stock index futures fell to a 12-point loss, temporarily halting trading.

'GATT failure to be disastrous'

TOKYO, Nov 16: The top US trade official warned Saturday that failure to conclude an agreement in the current round of world trade talks would be "disastrous", and insisted that Japan and South Korea must "contribute their share", reports AP.

U.S. Trade Representative Carla Hills, in Tokyo for talks with top Japanese officials, also criticised the media in South Korea for failing to "prepare people for change."

Hills came to Tokyo from Seoul, where she attended the Asia Pacific Economic Cooperation talks. There she pushed successfully decisive political action to conclude the Uruguay round of international trade talks by the end of this year.

Tokyo and Seoul reportedly opposed the resolution because it mentioned agricultural markets. Both nations fear they will be forced to relax their ban on rice imports.

Hills said she understood rice was sensitive issue in both nations, which stress self-sufficiency in the staple grain. She avoided stressing the issue in a meeting with reporters, but she insisted, "if there's a round, we'll have to deal with agriculture."

Hills was criticised by the media during her stay in Seoul. One newspaper cartoon depicted her as a Wonder Woman forcing South Korean farmers to submit to her will.

Despite hints of a compromise recently by newly-chosen Prime Minister Kiichi Miyazawa, Japanese government ministers who met with Hills also refused her requests for concessions on rice, Japanese newspaper reports Saturday said.

There have been indications recently that Japan might be willing to give other nations "minimum access" to its rice market. Hills repeated the U.S. view that rice would best be placed under a tariff system but added, "if there's another way it could be discussed."

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Iraq fears thousands of deaths

ROME, Nov 16: Iraq's Agriculture Minister said his country's farm output had fallen 75 per cent since the Gulf War and that thousands would die unless UN sanctions were lifted soon, reports Reuters.

"Our agricultural production in 1991 will be down against last year and the figures can only get worse," Agriculture Minister Abdul-Wahab Al-Sabah said in an interview.

"The great threat is hunger. There is an enormous danger if friendly countries do manage to get the (UN-imposed trade) embargo lifted," he said. "If this embargo continues, it will lead to the death of thousands of children and old people."

He said the government was managing to provide only a quarter of the food needs of Iraq's 17 million people at subsidised prices. The rest had to buy food on the free market,

where prices were 10 times higher.

"The problem is that only 15 per cent of our people can afford to buy food on the free market. The rest must accept hunger. That is the reality of the embargo," he said.

The U.N. Food and Agriculture Organisation (FAO) reported earlier this week that the majority of Iraqis were now suffering from serious food shortages. It said a recent FAO mission had "confirmed a deterioration in the food and nutrition situation."

Before the war, Iraq grew only a third of its own food and the FAO said the outlook for this year's grain crop was poor.

The Minister said Iraq had been allowed to import only 100,000 tons of grain since the end of the war last March, whereas its normal requirement was 200,000 tons a month.

"Today we have a great lack of food and medicines. We lack spare parts for agricultural machinery. We lack fertilisers and pesticides as well as spares to get our power stations and oil refineries working again."

The Minister said the US-led coalition had during the Gulf War deliberately bombed civilian targets like dams, irrigation channels, silos, roads, bridges and power stations.

"We are a country that lives in the dark because of the destruction of our power stations. We have many rivers but we need pumps to bring the water to the fields and these require electricity which we do not have."

The UN is insisting that the Money from such sales should be administered by the world body - with part of it set aside to compensate victims of Iraq's invasion of Kuwait.



TRIVANDRUM (India): A woman showing with rotten fish as she held back by riot police during a march towards the home of Fisheries Minister November 14 to protest the spread of a virulently fish disease around this southern Indian coastal town. —AFP/UNB photo

French business leaders less optimistic on investment

PARIS, Nov 16: French business leaders expect a weak rise of between 1 and 2 per cent in industrial spending next year following an anticipated 6 per cent decline in 1991, the National Statistics Institute said Friday, reports AP.

The state-run organization said that a survey of business opinion carried out in October found that French industrialists were more pessimistic about the investment trend for 1991 than in May, when they had anticipated a 3 per cent decline in value terms.

The October growth figure was adjusted to correct for a traditional tendency for business leaders to underestimate the actual trend.

The institute didn't give a projection for the rise in the prices of capital goods next year, but it did say that the business leaders expect an increase of about 3 per cent for 1991. That would suggest that industrial investment in volume terms could fall by 9 per cent or more this year.

The institute said the automobile industry is expected to continue investing heavily, while the business sectors where the slowdown in investment is likely to be most evident will be the semi-finished and capital goods industries.

Tea prices decline worldwide

CALCUTTA, Nov 16: The price of tea in all the world's auction centers, bar one in Mombasa, has crashed this year's prices, tea industry sources said here, reports AFP.

The Jakarta auction recorded the biggest fall of 26.2 per cent from last year, while Sri Lanka recorded a fall of 15.5 per cent and London between 10.8 and 15.4 per cent, according to statistics made available here.

India, the world's largest tea producer, registered a more modest fall of 5.6 per cent.

The only auction center that managed to withstand the trend was Mombasa, Kenya, where prices rose 17.2 per cent from last year. Industry sources here attributed the decline in price to a steady rise in world tea producing and exporting.

World tea production last year touched an all-time high of 2.57 billion kilograms (5.65 billion pounds), an increase of 115 million kgs (253 million pounds) over 1989.

Production estimates for 1991 are running at 2.65 billion kgs (5.83 billion pounds), with the rise attributed to fair weather in the early part of last year in some major producing countries.

India meanwhile is set to establish a new record in tea production by hitting its target of 735 million kgs (1.62 billion pounds) in 1991.

The latest production figures available for January-September show 546.19 million kgs (1.2 billion pounds) already harvested—22.5 million kgs (50 million pounds) over the corresponding period last year.

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Abu Dhabi having secret talks with liquidators

LONDON, Nov 16: Abu Dhabi is having secret talks with the provisional liquidators of the failed Bank of Credit and Commerce International (BCCI) which could result in payouts to depositors and creditors, the Financial Times said today, reports Reuters.

The Gulf Emirate is the majority shareholder in the collapsed bank, which was closed by authorities in July on suspicions of fraud, wiping out billions of Dollars in deposits worldwide.

The Financial Times said Abu Dhabi was prepared to make a substantial cash payment in return for waivers by parties who have legal claims on the bank, as part of a global settlement.

It is unclear how large the amount would be.

The newspaper said the liquidators of BCCI subsidiaries would consider the plan at a special meeting in Luxembourg on November 25.

The intention is that Brian Smouha provisional liquidator of the Luxembourg based BCCI holding company, should be able to speak for all the other liquidators and secure an overall package.

The Financial Times quoted a confidential affidavit filed by Smouha on November 6 in the US bankruptcy court in New York as saying negotiations with Abu Dhabi were making good progress.

AMF warns Soviet oil may replace ME supply

ABU DHABI, Nov 16: The Chairman of the Arab Monetary Fund says the European Community was working on an energy charter that would allow the Soviet Union to replace the Middle East as its main supplier of oil, reports AP.

The most important and most dangerous objective of this charter is the gradual replacement of Middle East crude oil by the Soviet oil especially after the recent Gulf events," the Chairman, Osama Fakhir, said at a gathering of Arab economy experts on Thursday.

He said the EC member states planned to enter the oil market of the Soviet Union through an energy cooperation agreement.

They also planned to flood the eastern Europe with advanced

energy exploration and production technology and offer international expertise to the Soviet Union to upgrade and improve its energy structure. The charter would be finalised before the end of the year, he said.

The Soviet Union is the world's largest oil producer but its output levels have dropped by 12 per cent this year to reach less than 11 million barrels per day, Fakhir estimated.

Oil revenue is the backbone of the Gulf economy. The oil-rich states of the region also depend on that income to bankroll smaller Arab countries without significant natural resources.

Western Europe takes about 40 per cent of its fuel from the Gulf Arab countries.

Bush's aid pledge to Soviets frustrates farmers

WASHINGTON, Nov 16: Farmers say they're losing money and markets to other countries as President Bush considers the Soviet Union's request for 2.5 billion Dollars in credits to buy US farm products, reports AP.

Democratic lawmakers accuse the Bush administration of dragging its feet on the Soviet request, which also includes 1 billion Dollars in direct humanitarian aid, as other countries muscle in on the market for grain, livestock feed and processed food products.

At a news conference Friday Rep. David Nagle of Farm-state Iowa also accused the Bush administration of misleading Congress about the size of the Soviet's request.

Nagle said the Bush administration was playing down the

Soviets request for credits by 1 billion Dollars to appear more generous when he makes an announcement, and the minimize the fallout in farm states when the total comes up short.

Nagle said he received his information from Soviet officials who saw a letter to President Bush from Soviet President Mikhail S. Gorbachev requesting the aid.

A spokesman for Agriculture Secretary Edward Madigan said Nagle's claims are wrong.

Nagle, other lawmakers and farm organisations, said they are also concerned about the time it's taken for Bush to announce a decision.

"It's unbelievable that it's taken this long," said Representative Timothy J. Penny of Minnesota.

Abedi, two others indicted in US BCCI scandal

WASHINGTON, Nov 16: The Bank of Credit and Commerce International (BCCI) and three people with long term ties to the scandal plagued bank have been charged with secretly taking over a California Bank and fraudulent dealings in the stock of a Florida Bank the Justice Department said on Friday, reports Reuters.

Named in the indictment were Agha Hassan Abedi, the 68-year-old ailing Pakistani who founded the bank in 1972, Swaleh Nagvi, 57, of Abu Dhabi, the bank's chief operating officer until October 1990, and Saudi Arabian investor Ouhath Pharaon.

The indictment charged that the defendants as part of a

long term conspiracy, illegally gained control of the independence bank of Encino, California.

Pharaon masqueraded as the sole buyer of the bank in 1985, but in fact he owned only 15 per cent of the bank while BCCI was the covert financier of the deal and owned the controlling 85 per cent of the bank, it charged.

The alleged BCCI stock fraud involved the Centrust Savings Bank in Miami a failed bank that will cost the US taxpayer an estimated two billion Dollars.

Assistant Attorney General Robert Mueller, in announcing the charges at a justice department news conference said the three defendants were abroad but that the United

States would make every effort to bring them to trial.

The indictment was handed down by a grand jury in Washington it was the first time that Pharon 50, the son of an adviser to the Saudi royal family who went into business in 1965 and built up an investment empire, has been indicted on criminal charges in the United States.

Abedi and Nagvi were indicted last July by a state grand jury in New York alleging that they participated in the largest bank fraud in history.

BCCI has been at the centre of a widening scandal involving alleged fraud totalling billions of Dollars, laundering of drug money and possible payoffs to

prominent political figures worldwide.

On July 5, the bank of England and regulations in seven other countries including the United States shut down BCCI's far flung operations at the end of July the Federal Reserve Board slapped a 200 million Dollar fine on BCCI for violating US banking laws.

The justice department has been under fierce criticism from democrats in Congress for failing to aggressively investigate and prosecute the Luxembourg based and Abu Dhabi-controlled bank.

The indictment announced on Friday was the first stemming from a grand jury investigation in Washington led by US attorney Jay Stephens and

including Justice Department prosecutors. The changes of conspiracy, fraud and operating a racketeering enterprise to deceive US bank regulators carry a maximum penalty of 30 years in prison.

The investigation has centred on whether US banking laws were violated when the Federal Reserve was assured that Arab investors in the California Bank and a major Washington area bank were not fronting for BCCI.

The two former top executives of the Washington Bank — Democratic Presidential Adviser Clark Clifford and lawyer Robert Altman — have maintained they were unaware of BCCI's hidden interest in the bank.

They were not mentioned

in the 30 page indictment.

The Justice Department officials said they would pursue the criminal investigations into BCCI and that more charges were expected soon.

The indictment said the defendants engaged in "deceptive stock purchases by way of hidden stock pledges... and (made) outright falsehoods, fabrications and omissions" in applications and reports filed with regulatory agencies.

In the case of the Miami Bank, Pharaon allegedly arranged for a BCCI branch in Paris to buy about 25 million Dollars of its bonds to mislead and deceive regulators about the true financial condition of the failing bank, the indictment said.

\$ 5.3b to help US jobless

WASHINGTON, Nov 16: President George Bush on Friday signed a 5.3 billion Dollar measure to help millions of jobless Americans by extending unemployment benefits up to 20 weeks beyond their normal six months, reports Reuters.

The President said he hoped the benefits would begin flowing to some of millions of eligible Americans before the thanks giving day holiday on November 28.

Bush, who vetoed two earlier bills providing substantially similar benefits, said his only regret was "that the Congress did not earlier send me a bill that I could sign."

"I am deeply concerned about the unemployed and their families and recognise the importance of providing benefits to sustain jobless Americans while they are looking for work," he said in a statement issued by the White House.

Bush signed the measure only hours after it passed the Senate on an overwhelming 91-2 vote. The bill cleared the House on Thursday on a 398-30 vote.

The President said he had vetoed the earlier measures because they would have run up the federal budget deficit, while costs of the bill he signed are offset by new revenues.

However, as recently as September 16 the Bush administration opposed a bill extending benefits in part on the grounds that "additional weeks of unemployment benefits will increase the unemployment rate."

It was only after public opinion polls showed him losing support for his handling of the economy that Bush authorised serious negotiations with the democrats to reach agreement.

Norway world's biggest offshore oil producer

STOCKHOLM, Nov 16: Norway became the world's largest producer of offshore oil during the month of September, according to the latest statistics released by the Norwegian newspapers, reports Xinhua.

Its production of offshore oil reached 2.1 million Barrels Per Day last September. This was the highest figure since Norway began oil production in 1972. And it means that Norway has passed Britain as the world's number one offshore oil producing country.

In addition, Norway can now produce natural gas worth 13.4 million U.S. Dollars per day.

At present Britain ranks number two offshore oil producer, followed by Mexico, Saudi Arabia and the United States.

UN agency to propose Arab reconstruction bank

AMMAN, Nov 16: A United Nations agency said it would present a proposal for an Arab Reconstruction and Development Bank to a conference opening in Rome next week, reports Reuters.

The UN Economic and Social Commission for Western Asia said its Under Secretary-General Tayseer Abdel Jaber would submit details of the project to an annual meeting of the Union of Arab Banks.

It said leading Arab banking and financial officials would discuss ways of overcoming recent turmoil in the region during the three-day conference beginning November 18.

Jakarta stock trading rises after 3-month decline

JAKARTA, Nov 16: Trading picked up this week at the Jakarta Stock Exchange (JSE), nudging prices up and ending three months of steady decline, reports AFP.

Trading warmed up, with more transactions recorded by local investors, to average 6.99 million shares worth 25.52 billion Rupiah (12.88 million Dollars) a day or more than double in value the previous week's 3.61 million shares a day valued at 10.79 billion Rupiah (5.46 million Dollars).

The JSE index rose for the first time in three months Tuesday and continued to go up to finally close at 248.884 on Friday or 10 per cent higher than the closing rate of 225.318 a week earlier.

Trading had been lukewarm on Monday at 4.84 million shares, but corrections on sleeping stocks especially on large counters may have offset gains in others scrips and forced the index to a record low of 223.249 at the end of the day.