

Protestors halt Tehri Dam work

NEW DELHI, Dec 28: Hugging bulldozers and camping on blasting sites in bitter cold, hundreds of hill people have forced work to halt on a giant India dam in the foothills of the Himalayas today, reports AFP. It needed an earthquake killing more than 1,000 people to spur the action against the three-billion-dollar Tehri Dam...

would be a catastrophic dam burst which would kill thousands of people and wipe out the holy Hindu towns of Deoprayang, Muntikriti, Rishikesh and Haridwar, which are downstream on the Ganges, of which the Bhagirathi is a tributary. But such warnings have had no apparent effect on project authorities, who have continued blasting tunnels heedless of the tremor which devastated the Uttar Kashi region upstream of Tehri. Environmentalists say that a powerful lobby of politicians, builders and engineers is determined to go ahead with Tehri dam because of the massive amount of contract money at stake...

EC finalises aid plan for Russia

BRUSSELS, Dec 28: The European Community (EC) released details of plans to send food and medicine worth 200 million Ecu (266 million dollar) to Moscow and St Petersburg, reports Reuter. The EC Commission said in a statement that five million Ecu of emergency food and medical aid would be delivered through EC charitable groups by January 15. The first two consignments reached Moscow just before Christmas. Apart from this initial amount, all EC aid will be sold through normal retail channels with proceeds used to pay for social assistance to the poorest people...



Jute Minister Hannan Shah delivering the inaugural address at a seminar titled "Role of BADC in the irrigation system of the country" at the Engineers' Institution in Dhaka arranged by BADC Prokoushahli Samity on Saturday.

Price hike hits Indians

NEW DELHI, Dec 28: Millions of Indians Saturday were hit with steep 20 to 30 per cent hikes in the prices of rice and wheat, staples of the Indian diet, as newspapers warned of a hefty hike in coal prices, reports AFP. The increases — 20 per cent for wheat and between 23 and 30 per cent for rice depending on the grade — affected millions who used to buy their food at "fair price" shops with ration cards issued to bona fide residents. The United News of India (UNI) said the hikes were designed to try to trim a yawning budget deficit of some three billion dollars through cuts in food subsidies, and added the cabinet "is believed to have decided" to hike coal prices by 30 per cent. Newspapers which headlined the rises Saturday also carried news that Indian President Ramaswamy Venkataraman and the govern-

US yet to finalise economic plan

WASHINGTON, Dec 28: As President Bush left this week for a short weekend holiday and a lengthy Asian tour, his administration was still debating how to rescue the US economy in the new year, reports Reuter. Stunned by the economy's weakness and the resulting drop in his own popularity, Bush last month promised the American people he would offer some fiscal medicine for their economic ailments in his state of the union address in January. But over a month later, he and his advisers still have not made the final decisions on the substance, timing and tactics of the president's economic initiatives. Bush, who left town Friday until January 10, will be mulling over options on the road, but he also left his Chief of Staff Sam Skinner in Washington to work on the problem. Among the undecided issues are whether to propose a tax cut for the middle class. But difficulties have also surfaced on how soon Bush's proposals should be unveiled, and to what extent they should be coordinated with leaders of the democratic-dominated Congress. "It's basically been the political people versus the substance people in the administration," said one official, describing the division among Bush's top advisers. He said the "political people" had an eye on the 1992 campaign and urged Bush to propose an economic stimulus package quickly — even before the State of the Union Address, scheduled for January 28. The "substance people" are worried that too much fiscal stimulus in the form of tax cuts now could prove inflationary if the economy recovers on its own steam, said the official, who counted himself in this category. We'd like to wait till the end of January to see whether the economy improves. But the political people don't care whether we juice up the economy too much or not, he said. Officials on the opposing side of the argument describe it as one between those who think the government should help the economy and those who prefer to let it recover on its own steam, leaving the stimulus job to interest rate cuts by the federal reserve board. They say conservatives like Vice President Dan Quayle and Housing and Urban Development Secretary Jack Kemp favour fast action while moderates like Treasury Secretary Nicholas Brady and Budget Director Richard Darman are more cautious. Kemp's group believes action is necessary and should be taken as soon as possible, said Tony Blankley, spokesman for House Republican Whip Newt Gingrich, a Georgia Conservative who has been part to some of the White House discussions. "But the Brady crowd believes the fundamentals are sound and we have to only have steel in our backbone to wait

this out. They see no reason for quick action," he said. Overshadowing everything is the concern about getting the president re-elected, and Bush's campaign Chairman Robert Teeter has been part of the economic strategy sessions. Teeter is in the middle of this debate," said one senior administration official. "I don't think he or Skinner have shown their cards." The election's approach tempts both Republicans and Democrats to grandstand as much as possible and blame the economy's ills on the other party. Leading Democrats are calling for tax cuts for the middle class, an appeal that is hard to resist in an election year. The Kemp-Quayle-Gingrich faction favours some kind of tax cut for families with children, while the Brady-Darman group is concerned this might increase the deficit and break the budget deal made with Congress last year, one official said. And while Darman has emphasized the need for bipartisan cooperation to get measures passed, administration Conservatives want Bush to go on the offensive and "ram the package down Congress's throat," the senior official said. Bush has sounded undecided on this point. At times he speaks of "going over the heads of Congress" to appeal to the people with his economic plan. At other times he strikes a conciliatory note and says he wants to put politics aside and work with the Democrats to get the economy moving again. Bush suggested Thursday that his economic growth package may not differ greatly from proposals he has made before to stimulate the economy but which died in Congress. These include a cut in the capital gains tax rate and tax incentives for first-time home buyers. The President told a news conference his State of the Union Address "will include some suggestions that I've already made, and some new suggestions as to what to do in a stimulatory sense for this economy." Faridpur Mill targets 14760 tons sugar FARIDPUR, Dec 28: Faridpur Sugar Mill at Madhukhali will produce 14 thousand 760 tons of sugar in the current sugarcane crushing season, reports BSS. According to a mill source, the target will be achieved after crushing one lakh 80 thousand tons of sugarcane produced in the mill zone. According to the source, sugarcane has been cultivated in 15 thousand acres of land. Seventeen sugarcane purchase centres have been operating in the mill zone covering the districts of Faridpur, Magura, Gopalganj and Rajbari, the source said. Faridpur sugar mill exceeded its production target last year.

Dollar closes higher

NEW YORK, Dec 28: The dollar closed higher in very quiet US trading, as most dealers continued to celebrate Christmas or prepare for New Year's Day, reports Reuter. "We're stuck in the middle of the day's range," said Steve Flynn, a corporate dealer for First National Bank of Boston. The dollar rose as European players closed out short positions ahead of the weekend, said Betsy Reetz, assistant Vice President at Union Bank of Switzerland in New York. The US unit ended at 1.1837/93 mark, up from the opening of 1.15140/50 mark and Thursday's finish of 1.5075/85. The dollar also closed at 125.85/95 yen, up marginally from the opening of 125.83/93 yen but down from Thursday's finish of 126.40/50 yen. The yen benefited from speculation that with US president George Bush visiting Japan early next month and Japan's trade surplus continuing to widen, the US and Japan will seek a higher yen, said Earl Johnson, Vice President at Harris Trust and Savings Bank. Japanese officials already have publicly called for a higher yen. And a senior Bank of Japan official said Friday that the Bush administration seems to view the dollar's recent fall as "a necessary evil." "A lot of people have been waiting for the yen to explode higher against the dollar. Maybe this is one final attempt for the year," Reetz said. As for the German currency, she said dollar-buying by a couple of large players pushed the US unit above 1.52 mark early in the US. "But when that died off, the dollar fell back down," Reetz said. She and others emphasised that market sentiment remains markedly bearish toward the dollar, due to US economic weakness and wide interest-rate differentials in favour of foreign currencies. "Long-term players are holding on to their long-mark positions," Reetz said. Technical traders are looking for the dollar to reach 1.4050 mark and then 1.4950 mark, said Bank of Boston's Flynn. "And there's nothing to say we can't test the dollar's low of early this year" — 1.4430 mark, he said. Johnson of Harris noted that with the US economy so weak, there is talk that the Federal Reserve "will have to reduce interest rates further. No one can find a good reason to buy dollars," he said. Johnson predicted the US currency will fall below 1.50 mark next week. Reetz sees the dollar trading in ranges of 1.4850-1.5350 mark and 124.00-126.50 yen next week. Sterling closed Friday at 1.8737/47 dollar, down from the opening of 1.8778/88 dollar, and the Australian dollar at 76.05/15 US cent, up from 76.04/08 cent. The US dollar ended at 1.3515/20 Swiss franc, up from 1.3490/00 franc, and at 1.1603/08 Canadian dollar, unchanged from the opening. Around Monday, Morgan Guaranty Trust Co quoted the dollar at 18.1 per cent below its 1980-82 trade-weighted average, compared with 18.3 per cent below the average Thursday.

Japan raises defence budget

TOKYO, Dec 28: Japan's defence budget for the next fiscal year will increase 3.8 per cent from the current year, the lowest growth rate in 32 years, Defence Ministry officials said, reports Reuter. The 4.55 trillion yen defence outlay for the year beginning April 1, 1992 focuses on improving living conditions of Japan's 240,000-man armed forces rather than buying more frontline equipment, officials of the Ministry's Budget Section said. They attributed the lowest growth rate since 1960, when it grew by only 0.6 per cent more to the slowing Japanese economy than to relaxed military tensions in the post-Cold War era. "We originally demanded a 5.38 per cent growth but it was cut back to 3.8 per cent," one budget official told a briefing after Friday's final budget session, between Defence Minister Sohei Miyashita and Finance Minister Isutomu Hata. The final growth figure was slashed because of the slow growth in tax revenue and the bursting of the Japanese economic bubble," the official said. "It's the bottom line to meet the goals of the five year (1991-1995) defence build-up programme." Prime Minister Kiichi Miyazawa had called for reduced growth in the military budget next year because of the break-up of the Soviet Union and other post-Cold War threats. He has also said he may review the five-year programme. The government's total budget for next fiscal year only grew by 2.7 per cent. The budget bill is to be submitted to parliament in January and is expected to be passed in March.

Business Briefs

ADB grant for Pak project : The Asian Development Bank (ADB) said here Saturday that it had approved a 600,000 dollar technical assistance grant to finance a study of Pakistan's hydrocarbon sector, reports AFP from Manila. The grant will go to implementing a petroleum policy through in-depth studies to promote the development of the hydrocarbon sector, the Manila-based ADB said in a statement. The Ministry of Petroleum and Natural Resources will be the executing agency for the grant. OPEC meet in January likely : An emergency OPEC meeting is possible next month if world oil prices continue to fall, Indonesian Mines and Energy Minister Gintjar Kartasamita said Friday, reports AFP from Jakarta. "An emergency meeting such as proposed by Algeria could be held in January 1992 if, prior to that, all sides are convinced that the meeting will yield a result," he said, quoted by the Antara news agency. Taiwan's loan to Bolivia : Taiwan will lend Bolivia 25 million US dollar for economic development projects, the Foreign Ministry said Saturday, reports Reuter from Taipei. It will be the first loan since Taiwan broke diplomatic ties with Bolivia after it switched recognition to communist Beijing in 1985. In October 1990 Taiwan set up a trade office in Bolivia to strengthen relations. Chinese can receive remittances : Chinese citizens will be allowed to receive cash remittances from overseas by post for the first time in 39 years beginning in May, the China Daily newspaper reported Saturday, says AFP from Beijing. It said there would be no limit to the amount of hard currency Chinese could accept from abroad. Similarly, visitors to China and Chinese would be allowed to send cash overseas. The service, discontinued in 1953 for political reasons, would open first for Japan, the United States and Hong Kong, which will also handle remittances from Taiwan. ROK to ask Russia for aid repayment: The South Korean government will request the Russian Federation to take over the repayment guarantees for a three billion-dollar economic aid package promised to the former Soviet Union, a top official said in Seoul Saturday, reports Xinhua from Beijing. The South Korean Finance Ministry will ask an export-import bank and a "development bank to write official letters to the former Soviet bank to express their demand, said Lee Hwan-Kyun, South Korean Planning and Management Director-General.



TAIPEI: Some 70 employees of the opposition-leaning Independence Morning Post newspaper protesting Friday outside a hotel against the papers' plan to lay-off 200 staff due to financial problems. Business tycoon Kao Ching-yuan, the chairman of the board of the paper, was holding cocktail party in the hotel for the inauguration of a bank that his president group has invested in. — AFP photo

APEC took a step forward in 1991

obstacle to APEC's viability, but the decision by Indonesia and Singapore to recognise China along with fading hostility towards Beijing in the wake of the Tiananmen Square crackdown smoothed the way for their entry. Another breakthrough, according to regional trade officials, was APEC's ability to finally define itself. The delegation issued at the Seoul ministerial meeting went well beyond previous statements in Canberra in 1989 and Singapore in 1990, by setting out APEC's objectives, scope, membership criteria, organisation and future role. This was a very important meeting", Indonesian Foreign Minister Ali Alatas said at the time, it brought the APEC process several steps forward. Progress was also achieved during the year on the seven projects agreed to at the previous meeting, ranging from energy cooperation to labour training. But there were also disappointments. The hope by some member countries notably Japan, to create a permanent secretariat for the group was rejected by other members although the issue is expected to resurface at next year's ministerial meeting in Bangkok. As well, Malaysia's proposal for an "East Asian economic grouping" made when the Uruguay Round of talks under the General Agreement on Tariffs and Trade (GATT) ran into a roadblock at the end of 1990 received wide attention in 1991, but if anything proved divisive and now appears in danger of being dropped altogether. The feeling around here is that the idea's dead, said a senior Japanese government official who asked not to be named. The plan to include most APEC members except the United States, Canada, Australia and New Zealand brought loud objections from Washington. The idea also proved difficult for Japan to support for fear it would cause even more trade friction with the United States. Some of Malaysia's five fellow members of the Association of Southeast Asian Nations (ASEAN) were also cautious so the grouping proposal was downgraded to caucus between ministers. The United States still protested. Japanese government official, seeking to avoid further

embarrassment, were later quoted as suggesting a compromise. The caucus could exist as a temporary body within APEC which would be eventually phased out. Mahathir himself made a private visit to Japan in late December and met with Prime Minister Kiichi Miyazawa, but there were no reports of the controversial proposal being discussed. ASEAN leaders are meanwhile preparing to give the final verdict on it at their summit meeting in January. Officials in Indonesia and the Philippines privately say they are sceptical because the grouping would overlap with existing forums ASEAN and APEC and might affect relations with western trading partners. The caution is echoed in Thailand, where some officials fear Malaysia a leading recipient of Japanese investment is trying to encourage Japan to become a dominant regional force. Singapore Deputy Prime Minister and Minister of Trade and Industry Lee Hsien Loong sounded a different note, however. "I think strategically it is the right idea," he told AFP. We think it will first enhance trade ties amongst us secondly give us a stronger bargaining position when it comes to GATT and other areas like that, and thirdly ensure that we don't get sidelined or overtaken, as the Americas for NAFTA (the north American free trade area) and the Europeans go for much stronger EC cooperation," Lee said.