# \$450m World Bank loan to India for gas project

NEW DELHI, Aug 14: The World Bank will extend a loan of 450 million US Dollars for a project to utiltse 8.33 million cubic meters of gas which is being flared in the western offshore in India, reports Xinhua.

Petroleum and Natural Gas Minister B. Shankarand told parliament today that he would considered involving the private sector in case the 75 billion Rupee (2.9 billion US Dollar) government project failed to contain the gas wastage.

He said that leakage from certain subsea pipelines was one of the reasons for the decline in oil production during 1990-91 from the western off shore, including Bombay High.

Bombay High alone accounts for 60 per cent of india's domestic production. Since longpending maintenance and rectification work on installations has to be undertaken urgently. crude oil production from Bombay high is likely to drop by about four million tons this

Production of crude oil during 1990-91 was 33 million tons, compared to 34.1 million tons during 1980-90.

# India's export falls by 17.5 pc

NEW DELHI, Aug 14: India's export growth rate during the covered period of 1990-91 lost much of the buoyancy it showed since 1986 till 1989-90, the annual report of the Commerce Ministry said, reports PII.

The export growth rate rose from 14.3 per cent in 1986-87 to 25.9 per cent in 1987-88. It was 29.1 per cent in 1988-89 and 36.5 per cent in 1989-90 but dropped to 17.5 per cent in 1990-91.

The report for 1990-91. which was presented in the current session of parliament, says India's exports during 1/989-90 amounted to Rs 27.681.47 crore which were higher by 36.5 per cent as compared to Rs 20,295.15 crore during 1988-89.

At the same time, India's imports during 1989-90 amounted to Rs 35411.88 crore which were higher by 27.9 per cent as compared to the level of Rs 28,193.65 crore during 1988-89, the report

### India lifts ban on export, import of 36 items

NEW DELHI, Aug 14: The government lifted import and exports restrictions on 36 items as part of a comprehensive trade plan sent to parliament Tuesday, reports AFP.

Commerce Minister Palaniappan Chidambaram told a press later that the decision was taken after a further review of the existing foreign trade policy.

The move lifts control of the import or export of the goods by the government-run state trading corporation. The items include castor

oil, coal and coke, polyethylene (ld), colour picture tubes and sub-assemblies of colour TVs containing colour picture tubes, molasses, sugar, iron ore, low grade bauxite and exposed cinematographic films and video films.

Import items include jute pulp, mantla hemp, soap stocks, lauric acid, raw jute, floppy diskettes, plam acid oil. stearic acid and alkyl benzene, silk worms, sodium borate, ships, fluorspar, platinum and palladium.

# Iran to get \$ 300m loan for German banks

FRANKFURT, Aug 14: A group of German banks is lending Iran more than half a billion Marks (almost 300 million Dollars) to finance the purchase of goods and services from German companies, the leader of the group said on Tuesday, reports Reuter.

Deutsche Bank AG, Germany's biggest bank in Tersmfo assets, said a 510 million mark (295 million Dollars) credit facility had been arranged for National Petrochemical Company in Tehran, a subsidiary of national Iranian oil company.

The money will help Iran finance the reconstruction, modernisation and expansion of its petrochemical industry.

Iran said on Saturday that it expected to borrow a total of 856 million Dollars from German and Italian banks to help it finance petrochemical projects. All loans would be repaid in eight years, the Iranian news agency IRNA re-

ported. The contracts are part of an investment programme, including about 3.2 billion Dollars of foreign credit, to develop Iran's petrochemical industry under a five-year plan to March 1994.

# 'Bar on Iraqi oil sale too tight'

UNITED NATIONS, Aug 14: Non-aligned nations on the Security Council have said the body is proposing excessively tight restrictions on Iraqi oil sales. Western and Third World diplomats said Tuesday. reports AP.

But the seven non-aligned nations on the 15-member council were not expected to mount a serious challenge to a draft resolution backed by the five permanent and powerful council members: The United States, Britain, China, France and The Soviet Union.

Closed consultations of the 15-member council were scheduled for Wednesday.

The French draft resolution under discussion could be adopted as early as Friday. It is described as a one-time exception to the sweeping economic boycott, allowing Iraq to sell a limited amount of its chief revenue-earner in order to raise cash to buy food and medicine.

Iraq has been unable to sell oil under sanctions imposed after its Aug 2 invasion of Kuwait. Iraq was forced from Kuwait in the Gulf war, but the sanctions will remain in effect until it complies with ceasefire provisions that include demands that it surrender its weapons of mass destruction.

Non-aligned diplomats. speaking on condition of anonymity, said that under the draft resolution the United Nations would play too pervasive a role in managing oil sales. The United Nations is to approve every purchase, control an escrow account and monitor food distribution.

Such involvement, the diplomats said, could set a precedent for unacceptable in terference in a nation's internal affairs. India, they said, was especially critical of the provi-

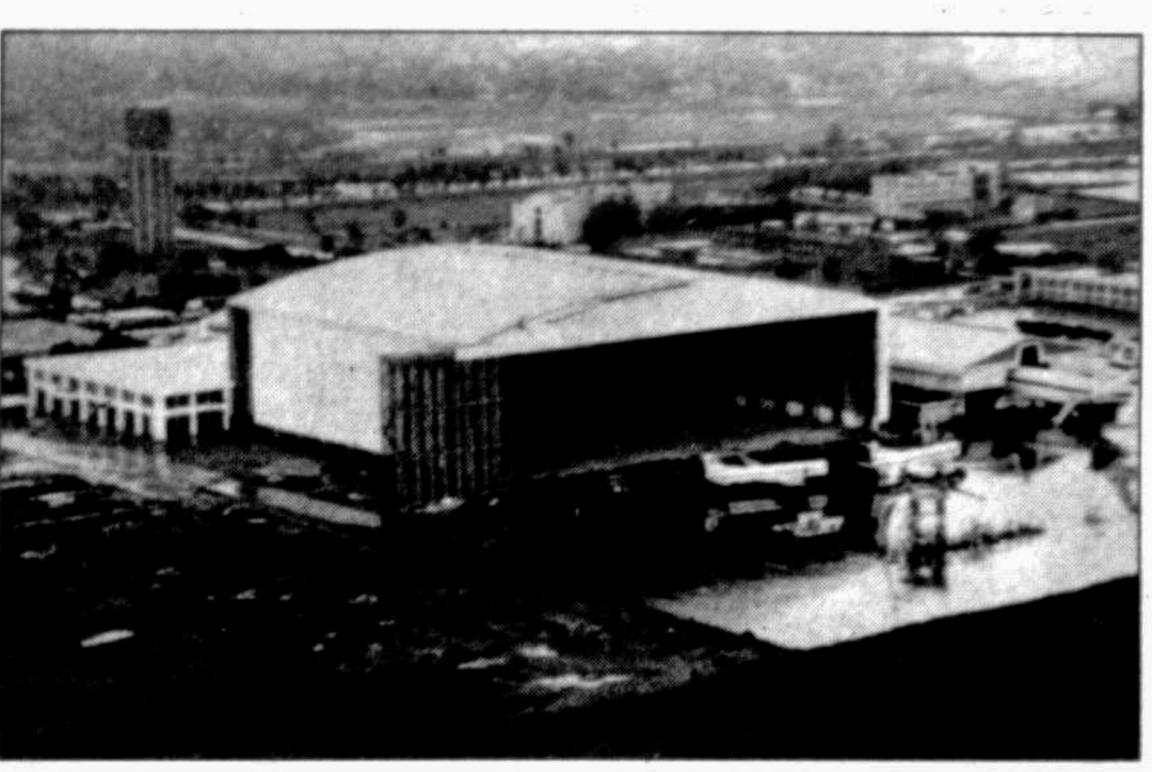
The draft resolution would allow Iraq to sell up to 1.6 billion Dollars in oil in three installments over six months.

Western nations say that tight controls must remain because Iraq still has not disclosed the extent of its gold and currency reserves and has shown its bad faith by lying in its declarations about chemical weapons, a 'super gun' and its nuclear programmes.

Iraq has said it would not pump oil under the terms of the resolution. But it was Iraq that requested permission to sell at least 1.5 billion Dollars in oil to by food, medicine and humanitarian supplies and has said its needs 2 billion Dollars

A UN report on Iraq's needs said the Baghdad government should be allowed to sell 2.6. billion Dollars to cover its urgent civilian needs for four months.

The non-aligned council nations are Cuba. Ecaudor. India, Ivory Coast, Yemen, Zaire and Zimbabwe.



Biman Bangladesh Airlines is implementing its Maintenance and Hangar Complex Project which is nearing completion. The 29.528 million US Dollar Hangar Complex is a full 'turnkey' project which includes finance, design, documentation, procurement, construction, commissioning and training of the local workforce.

# World banking activity sluggish

BASLE (Switzerland). Aug bonds came to 100 billion 14: International banking Dollars in the first quarter, other BIS-area countries activity slowed in early 1991 as banks reined in operations due to new capital rules and worries about each others' credit standings, according to a report published on Wednesday.

reports Reuter. The Bank for International Settlements (BIS), which acts as central bank to the world's central banks, said banks' total cross-border claims fell by a record 54 billion Dollars in the first three months of the year.

This chiefly reflected "heightened attention to capital adequacy and increased bond market, however, was "exceptionally buoyant" boosted by the end of the Gulf War, confidence that monetary policy in several major countries would not be tightened and a rebound in stock mar-

Total net international financing through lending and

MOSCOW, Aug 14: Prime

Minister Valentin Pavlov said

Tuesday the Soviet grain har-

vest is declining, higher en-

ergy prices threaten to set off

explosive inflation, and parts of

the country face chronic

Pavlov's gloomy overview

indicated the Soviet Union

faces yet another tough winter

Gorbachev's government plots

a painful course toward a mar-

that Gorbachev's Cabinet of

Ministers met Monday to dis-

cuss preparations for winter.

particularly supplies of food

and fuel. Gorbachev, who is on

vacation, did not attend the

tion is getting out of hand, the

cabinet rejected a proposal

from Deputy Prime Minister

Vladimir Shcherbakov for a

Despite concern that infla-

MANILA. Aug 14: President

Corazon Aquino warned

Tuesday that high interest

rates and economic decline

could result from the refusal of

the Philippine Congress to

pass new tax laws to shore up

the government's growing

of 3084.4 billion Pesos (11.25

billion Dollars) with a pro-

grammed budget deficit of 3.8

billion Pesos (138.7 million

Dollars) for 1992 to the

Congress. The proposed bud-

get will rely on the passage of

high interest rates brought

about by fatlure to shore up our

budgetary deficit can become

reality," Aquino said in a writ-

a contraction in business as we

experienced in the past," she

added, referring to the slow-

"This could very well-lead to

ten statement.

"A return to a regime of

She also submitted a budget

budget deficit, reports AFP.

He told a news conference

as President Mikhail

shortages of electricity, re-

ports AP.

ket economy.

meeting.

down from 110 billion Dollars in the previous quarter and 135 billion Dollars in the first quarter of 1990.

The BIS's quarterly study of international banking and financial market developments is based on data reported by banks in the group of 10 countries and other major European and offshore centres. The Basle-based institution

said there was an "unprecedented contraction" in interbank business, caused mainly by Japanese banks seeking to restrain growth of their balance sheets by cutting back on money market opera-

Japanese banks did this as part of efforts to comply with the new capital adequacy ratios set two years ago by the BIS's Basle Committee on Banking Supervision, the report added. Consequently, interbank

USSR awaits bleak economy

The cabinet also rejected

nationwide freeze on salaries.

proposals for drastic steps to

bring in this year's grain har-

vest, such as declaring emer-

gency zones and commandeer-

resolve problems by (decree).

he said. "But yesterday's dis-

cussion showed that this is not

only not needed today, but

might even be harmful. Why?

Because from high above, all

kittens look gray. But the real

situation in each place is very

cret" that this year's harvest

will be well below last year's

bumper crop, and the cabinet

has decided to offer scarce

consumer goods to farmers as

an incentive to deliver grain.

The Soviet government tried

the same tactic last year, with

due to rising interest rates

caused by excessive govern-

clients, which almost hit 30

per cent in 1989 and 1990.

currently run at 18.5 per cent.

act new revenue measures

ought by the Aquino adminis-

tration ahead of the May 1992

national election, saying the

deficit could be trimmed by

heading off excess bureaucracy

and by more efficient tax col-

grew by a mere 0.2 per cent

in the first quarter due to nat-

ural calamities, the effects of

the Gulf crisis and a controver-

sial nine per cent import levy

imposed by Aquino a tempo-

rary revenue measure owing to

initiatives also rely on the as-

sistance that Congress can

"Our economic stabilisation

Congress' intransigence.

The Philippine economy

Interest rates on preferred

Congress has refused to en-

According to Pavlov, the av-

only moderate success.

ment borrowing.

lection.

down in investments last year render by way of revenue en-

Pavlov said it was "no se-

"Some comrades wanted to

ing trucks, he said.

different."

claims between Japan and shrank by 76.3 billion Dollars in the first quarter, after rising by 26.7 billion in the previous quarter and expanding by 9.2 billion in first quarter of 1990.

Japanese banks have been amongst those with the biggest task to achieve the required BIS standards, designed to make banks carry more capital for a given amount of lending.

But the BIS said other commercial banks were also more cautious in the first quar ter because of the new capital requirements.

creased concern about credit standing, with European and Japanese banks reportedly more reluctant to place de posits with U S counterparts. the BIS said.

Banks also showed in

But cross-border interbank lending in Europe accelerated

crage yield appears to be

dropping by about 800 kilo-

grams per hectare (700

pounds per acre). He did not

WASHINGTON, Aug 14 : Although the rebound from the recession that began in July 1990 has been at best anemic consumers are enjoying one benefit - smaller price increases, reports AP.

Inflation rate

lowers in US

Prices as measured by the Labor Department's Consumer Price Index advanced at a 2.7 per cent annual rate during the first half of 1991, far bellow the 6.1 per cent increase for all of last year.

**Economist Donald Rataiczak** of Georgia State University believes inflation will hit 3.2 per cent for all of this year, the best performance since 1986 and then inch up to 4.2 per cent in 1992.

In advance of the release Wednesday of the Consumer Price Index for July, most economists were expecting a modest increase of only 0.2 per cent or 0.3 per cent, in line with the trend established from January to June.

"It's good news in the long run for stability and people's ability to make investment decisions," said economist David Wyss of DRI-McGraw Hill in Lexington, Mass.

Although restrained inflation is a symptom of weak economic growth, it is also a necessary precursor to longterm expansion. In the short term, some consumers may be prodded into buying goods to beat price hikes but eventually inflation saps their purchasing power, dampening the economy's vigor.

Also, docile inflation gives the Federal Reserve Board Leeway to stimulate lackluster economic demand with lower interest rates.

# Kaifu pledges aid to Mongolia

**ULAN BATOR (Mongolia)** Aug 14: Premier Toshiki Kaifu opened Japan's aid coffers to Mongolia on Tuesday, pledging Tokyo's first Official Development Assistance (ODA) to the remote Asian country and a cash grant for its shattered economy, reports Reuter.

Kaifu, first head of government from a non-communist country to visit landlocked Mongolai promised Monglian leaders to host a meeting of aid donors and international organisations in Tokyo next

Japan's first ODA sum worth 948 million Yen (seven million Dollars) would be used to instal a satellite earth station to modernise Monglia's unreliable telephone lines to the outside world, Japanese officials travelling with Kaifu said.

In a meeting with Mongolian Premier Dashiyan Byambasuren, Kaifu extended a cash grant of two billion Yen (15 million Dollars) as emergency aid to restructure Mongolia's shattered economy and help its two million people.

Japan provided 300 million Yen (2.2 million Dollars) worth of wheat as emergency food aid

# Clifford resigns as US bank chief on BCCI scandal

WASHINGTON, Aug 14:, First American Bank said on Tuesday that its Chairman. former US Secretary of Defence Clark Clifford, had resigned because of adverse publicity surrounding the Bank of Credit and Commerce International (BCC1) alleged secret control of the bank, reports Reuter.

It said the President of the Washington-based Bank Robert Altman had also resigned.

"Clifford and Altman advised the board that they were taking this initiative in order to protect First American, which they have worked to build over nine years," the company said in a statement.

How much Clifford and Altman knew of BCCI's alleged hidden interest in First American has been a major part of U S inquires into the scandal-plagued BCCI.

Both Clifford and Altman testified under subpoena before a federal grand jury in Washington earlier this summer on BCCI's alleged links to First American.

Clifford said in a statement that First American. Washington's largest bank, did not operate under BCCI's control. "It has been operated honestly and without outside control from BCCI," Clifford said in the statement.

"Unfortunately, much of the highly sensationalised publicity surrounding the BCCl matter has featured Robert Altman and me — often inaccurately. Altman and I must ensure that this public attention does not adversely affect the company, Clifford said.

### UK's industrial output up pected, industrial output fell

LONDON, Aug 14: Britain's industrial output rose by three per cent in June from May after falling by a revised 0.4 per cent in May, according to provisional, seasonally-adjusted figures released by the central Statistical Office on Tuesday, reports AFP. Despite the monthly in-

crease, which was significantly sharper than analysts had ex-

# Dollar mixed, gold lower

NEW YORK, Aug 14: The US Dollar was mixed Tuesday against major currencies in another day of quiet trading as the market waited to see if German interest rates are headed up or down, reports

Gold prices were lower. Republic National Bank in New York quoted an after-hours bid for gold at 356.50 Dollars an ounce, down 95 cents from late Monday.

by 5.6 per cent from June 1990. Analysts had forecast a monthly increase between 0.7 and 2.7 per cent. Manufacturing production

rose 0.3 per cent from May but fell by 6.3 per cent from a year earlier. Analysts had been expecting a fall in manufacturing output of between 0.2 and 0.4 per cent. Other figures released on

Tuesday showed wholesale prices rising by 0.3 per cent in July from June after being unchanged in June from May This rise, which was in line with economists' expectations, took the annual rate of wholesale price increases to 5.9 per cent from a revised 5.8 per cent in June.

A treasury spokesman said the figures showed that inflation was still falling. Headline inflation stood at 5.8 per cent in June and is expected to fall to around 5.5 per cent when July figures are released on

# China to buy US planes

BEIJING, Aug 14: China said Wednesday it planned to buy 13 jetliners from The Boeing Co. in a deal worth more than 800 million Dollars.

The official China Daily newspaper said the contract for the Boeing 757 planes would be signed Wednesday by representatives from China Aviation Supplies Corporation and the US-based Boeing.

Boeing was the company Premier Li Peng referred recently to when warning that American business would suffer if Beijing's favorable trade status is revoked.

The China Daily said in a separate report that a Chinese trade mission would leave for Washington on Saturday, another sign of increased efforts by China to defuse trade conflicts that have strained relations between the two coun-

The newspaper said the 16-

cuss market access and protection of intellectual property rights during its four-day visit. Last month, U S lawmakers voted to place stringent conditions on renewal of China's Most Favored Nation (MFN) trade status next year in order to pressure Beijing to address concerns over its human rights policies and arms sales abroad.

U S President Bush is expected to veto the stricter measures. The favourable trade status allows China the lowest possible tariffs on its exports to the United States.

In June, Li spoke of Thomas Lane, Boeing's Beijing representative, and said that if MFN status is revoked "they will have no more orders."

The China Daily said China has bought 112 planes worth 6.5 billion Dollars from Boeing since the 1970s. Those figures include the deal for the 13 member delegation will dis- Boeing 757 passenger planes.

#### End of cold war shrinking global arms industry of the late 1980s or even sig-UNDATED, Aug 14 : A still totalled 950 billion Dollar Dollars in 1990 as its own quires certain weapons to be nificantly mitigate it."

Czechoslovakh plant that manufactured rocket launchers now turns out fork-lift trucks. A British company discovered its sensors for "smart" weapons also can be used to protect the environment, re-

ports AP. Sweden's main defence conglomerate plans to lay off at least 24 per cent of its workers. Argentina has abandoned a missile project.

The end of the Cold War is shrinking the global arms industry. Governments are cancelling orders, weapons manufacturers are merging and hundreds of thousands of workers are losing their jobs.

Military budgets have declined for four straight years after decades of growth but Swedish researchers say they in 1990, an increase of 70 per cent in 25 years.

Trade in conventional arms fell 35 per cent in 1990 to 21.7 billion Dollar according the Stockholm International Peace Research Institute. The Soviet Union and United States, which account for 60 per cent of total military spending, reduced purchases by about 10 per cent and 6 per cent respectively.

"There is no way out of the need to adjust to the existing demand," said Herbert Wulf of the institute. "Closures of plants and layoffs are rather the rule than the exception."

A US government survey said the Gulf War, even though it was a showcase for smart weapons, "will not reverse the downturn in defense business

forecast the total crop, but Western experts said such a drop would cut the harvest from last year's near-record 218 million Tons to less than 190 million Tons, necessitating substantial imports o

At no point in his 90minute summary of the economy did he mention the prospect of Western aid. Pavlov criticized Gorbachev in July for seeking help from the Group of Seven leading industrial democracies.

He attacked Russian President Boris N Yeltsin's government for promising pay raises to coal miners in Siberia's Kuznetsk Coal Basin and for proposing to raise oil and coal prices throughout the largest Soviet republic.

Cory warns of economic slump hancement measures that await action," Aquino said.

> Meanwhile. Budget Secretary Gullermo Carague said in a separate statement that the proposed 1992 budget submitted to Congress was 3.18 per cent higher than the 298.9 billion Peso (10.9 billion Dollars) budget approved for

Carague said the proposed budget "strike a balance between the need for growth and the need for prudence," noting that the forecast deficit was still within targets set in negotiations with foreign creditors in exchange for new loans.

"The budget programme provides for only the most minimum of government requirement so that urgently needed projects can be carried out while enabling us to maintain a tight limit on government spending," he added.

Wulf said the United States.

Soviet Union and western

Europe may spend 5 per cent

less on Weapons this year and

total world spending could

drop by 15 to 30 per cent by

the Stockholm institute said

the "vast US arms industry... is

rapidly approaching a situation

that will lead to fundamental

structural changes and a fur-

agencies throughout the world

face the problem of retraining

workers and retailing assembly

lines, but plowshares don't al-

of the old Soviet bloc, declared

after its democratic revolution

Czechoslovakia, an arsenal

ways sell as well as swords.

Manufacturers and public

ther reduction in size.

In its 1991 annual report,

in 1989 that it would guit the arms business, which had provided 25-50 per cent of its

hard currency. New civilian products like the fork-lift trucks found few customers and up to 80,000 jobs were at stake, however, so the government approved selling tanks to Syria and

rocket launchers to Iraq. Japan's comparatively low military expenditures rose steadily from 20.6 billion dollars in 1981 to 30.5 billion Dollars in 1990 and will continue increasing in the next three years, the institute said.

India was the world's leading arms importer two years ago and spent nearly 17.4 billion Dollars on such imports during the five years ending in 1989, the institute said. India's imports declined to 1.5 billion

arms industry was modern-

"Arms exports to the Third World have been declining and are likely to continue to decline further in the near future ... since Third World countries have falling currency reserves," the report said.

Disarmament treaties and demands for regional controls also are affecting the weapons trade. "There is a lot of uncer-

tainly," said Peter Howard, editor of Jane's Defense Weekly, a respected British publication. "Governments are unraveling what the Conventional

Major exporting nations, Forces in Europe treaty and however, have urged restraint the post-Cold War era will in selling arms to the unstable region. Among them are the The conventional forces Soviet Union, United States, treaty, signed in 1990, re-

former Warsaw Pact. Middle Eastern oil states made 61 per cnet of the 164 billion Dollars in purchases

destroyed in member nations

of the NATO alliance and the

from the 10 largest arms manufacturers in 1985-89. Saudi Arabia was the biggest weapons importer in 1990. with a total of 2.5 billion

Dollars Saudi Arabia has a 14 billion Dollars shopping list that includes 235 M1-A1 battle tanks, 100 AH-64 Apache attack helicopters and 24F-15F fighters from the United

Britain, China and France.

largest bank TOKYO, Aug 14: Moody's Investors Service downgraded Wednesday the long-term credit ratings of scandalplagued Fuji Bank, the world's third largest, and three overseas subsidiaries to reflect the bank's increased exposure to

Scandal hits

world's 3rd

risk, reports AP. Fuji Bank and its subsidiaries in Hong Kong. Australia and the Netherlands were all downgraded from AA1 to AA 3, it said.

"The downgrade reflects Fuji's vulnerability to earnings and asset quality problems as a result of its high exposure to real estate and other risky sectors, both domestically and overseas," said a press release distributed by Moody's Japan subsidiary

Moody's said the bank has several troubled borrowers. and that a recent internal fraud may result in substantial charge-offs.

Moody's also said it re-evaluated the credit rating because Fuji's profitability ratios have fallen, although compared to Japan's other top banks, Fuji retains average profitability high liquidity and high capital reserve levels Last month, three employ-

ees of Futt branch offices were accused of issuing phony certificates of deposit worth 1.89 billion Dollars to help 23 bustnesses obtain loans of that amount.

The Tokyo-headquartered Futt Bank had unconsolidated assets of approximately 420 billion Dollars as of March 31,

# Bank Manager held on fraud charges in Japan-

TOKYO, Aug 14: Prosecutors on Tuesday arrested a former credit union branch manager suspected of issuing 2.5 billion Dollars worth of false deposit certificates as collateral for a client, officials said, reports

Tomomin Maekawa, 58, who worked for the Osakabased Toyo Shinkin Bank, is accused of issuing 13 fake deposit certificates worth a total of 342 billion yen (2.5 billion Dollars) to help restaurateur Nui Onoue obtain loans of nearly that amount from more than 10 other financial institu-

tions, officials said. Prosecutors said Mrs Onoue also was arrested. Neither has been officially charged.

The news of yet another financial scandal pushed the Tokyo stock market down. The Nikkei Stock Average dropped 0.49 per cent to 22,872.00 Tuesday.

Toyo Shinkin, which has only 366 billion Yen (2.7 billion Dollars) in total deposits, said it was seeking help from Japan's central bank and other financial institutions to deal with possible losses from the alleged fraud.

It said it fired Mackawa on Monday. The Japan Broadcasting Corp., said Toyo Shinkin recently found out about the false certificates from another financial institu-

# China issues investment bond worth \$ 2 b

BEIJING, Aug 14: The Chinese State Council has decided to issue 10 billion Yuan (about two billion U S Dollars) worth of state investment bonds in 1991, reports Xinhua.

The bonds will be jointly issued by The People's Construction Bank of China and The Industrial and Commercial Bank of China in order to make up a shortage of construction funds.

The country will use eight billion Yuan of the bonds in infrastructure construction and two billion Yuan for technical upgrading. The bonds with terms of

three year, will be sold to individuals, enterprises and financial departments. The interest rate will be the same as that of the state treasury bonds.

### 70 miners rescued in Virginia MOUNDSVILLE (United

States), Aug 14: A section of a mine roof collapsed Tuesday, trapping about 70 miners, but none was injured and all were rescued after more than seven hours, company and state officials said, reports AP. A section of the roof col-

lapsed when a coal car knocked down a support post Consolidation Coal spokesman Paul Kvederis said. The accident occurred at the McElroy Mine about five miles (8 kilometers) south of Moundsville. which is south of Wheeling. West Virginia.

"Nobody's hurt, everybody's safe," said Bart Lay, director of mine safety for the state Division of Energy.