

Central Bank of Japan tops income list

TOKYO, Aug 17: The Central Bank of Japan topped a list of taxable incomes in the year to March, declaring 1.1 billion Yen (eight billion Dollars), a private credit research institute said yesterday, reports AFP.

Taikoku Data Bank Ltd said in a survey report that the Central Bank's taxable income soared 11.5 times from the preceding year, chiefly because of an increase in revenues through lending to commercial banks.

The survey covered 114,273 corporations across Japan, each with an income of at least 40 million Yen (294,000 Dollars) in fiscal 1990.

Toyota Motor Co., the largest Japanese carmaker, was second with a taxable income of 820.9 billion Yen (six billion Dollars).

Telecommunications giant Nippon Telegraph and Telephone Corp (NTT) ranked third with 434 billion Yen (3.2 Billion Dollars), the institute said.

Japanese finance houses pay compensation

TOKYO, Aug 17: Four more Japanese securities firms have admitted paying 6.4 million Dollars to 26 local companies and 66 individuals in compensation for stock exchange losses between 1988 and 1990, the Security Dealers Association said Friday, reports AFP.

The Association said the firms were Naigai Securities Co, Izumi Securities Co, Azawa Securities Co and Meiko Securities Co, which are small and medium-sized firms.

The latest revelation brings to 1.27 billion Dollars the amount of compensation paid by 21 securities firms including Japan's big four — Nomura, Daiwa, Nikko and Yamachi — to favoured clients to offset stock exchange losses.

The President to Nomura and Nikko securities have been forced to resign because of the ongoing scandal, which first became public in June.

Opposition parties have warned that they will demand an explanation from the government during the next parliamentary session, which resumes Monday after a week's break.

2 arrested for breaking into Tokyo bank

TOKYO, Aug 17: Japanese police identified two men who broke into a branch of scandal-hit Fuji Bank brandishing a sword on Friday as members of an extremist right-wing group that took a hostage at a scandal-tainted securities firm last week, reports Reuter.

The men drew a sword on the banking floor of the branch in Akasaka, a Tokyo entertainment area, in a protest against a series of financial scandals that have rocked Japan in recent weeks, police said.

Police arrested the two men, identified as members of the Tokyo-based right-wing Shokujuku Group. No one was injured.

They carried a letter protesting against improper financing by Fuji Bank, police said.

One threatened a bank employee with the sword, screaming, "let us meet the president." The other destroyed a television set with a hammer, police said.

\$140.2m Japanese bank loans to Hungary

BUDAPEST, Aug 17: A Consortium of 20 Japanese Banks, lead-managed by Long-Term Credit Bank of Japan, are to loan Hungary 140.2 million Dollars, Hungarian National Bank officials said Friday, reports AFP.

The credit agreement is to be signed on August 23 in Tokyo.

The credit, designed to increase Hungary's foreign exchange reserves, will have a five-year maturity and a three-year grace period.

Apart from the Long-Term Credit Bank, Japanese lead-managers include the Industrial Bank of Japan and Mitsui Taiyo Kobe Bank, and co-lead managers include the Bank of Tokyo, Dai-ichi Kangyo Bank and Nippon Credit Bank.

It is the first consortia credit the Hungarian national bank has raised in four years after concentrating activities on the Eurobond and Samurai bond markets.

Egypt to bail out BCCI

CAIRO, Aug 17: Egyptian banks, after consultations with the government, will deposit part of their cash holdings to save the Cairo affiliate of the disgraced Bank of Credit and Commerce International (BCCI), financial sources said yesterday, reports Reuter.

A western economist said state-owned and joint-owned banks would deposit 0.5 per cent of their Dollar and Egyptian Pound holdings at the Bank of Credit and Commerce Misr (BCCM) without interest or at below market rates.

Al-Ahram newspaper on Friday quoted an official source as saying the banks had already deposited 0.25 per cent of their holdings, worth about 60 million Dollars, and would place the remainder with BCCM shortly.

Egypt's Middle East news agency said last week that bankers were meeting to discuss contributions after BCCM faced a run on its deposits.

BCCM's deposits in its parent BCCI were between 340 and 400 million Dollars, the agency said.

President Hosni Mubarak, worried about possible domestic fall-out if BCCM crashed, called top banking executives on Sunday to discuss the issue.

"The President listened to the views of the heads of the banks and their agreement on support (for BCCM) which represents a real support to the national economy," the agency quoted Information Minister Safwat Sharrif as saying after the meeting.

The central bank last week appointed Egyptian American Bank Chairman Abdel-Ghani Gam'ic to run BCCM — 49 per cent owned by BCCI and 51 per cent by Egyptians — under its supervision.

Al-Ahram said on Friday that United Arab Emirates President Sheikh Zaid Bin Sultan Al-Nahyan, a major

shareholder in BCCI, was expected to deposit another 150 million Dollars with BCCM shortly.

The newspaper said total Egyptian holdings in BCCM were 400 million Pounds (120 million Dollars) and 500 million Dollars in Foreign currency.

Withdrawals have been limited to 1,000 Dollars and 3,000 Egyptian Pounds (equal to 900 Dollars) per depositor. Al-Ahram quoted the official source as saying the central bank had approved plans to raise the limits but gave no details.

AFP from Lima adds: Former President Alan Garcia has become embroiled in an international banking scandal only a year after leaving office amid accusations from Peru's legislature that he defrauded the government.

The Chamber of Deputies late Thursday took an unprecedented step toward stripping former President Alan Garcia of his constitutional immunity by accusing him before the senate of alleged embezzlement, extortion, fraud and breach of public faith.

The action allows the Senate to start a preliminary hearing in which it will decide whether to withdraw Garcia's constitutional immunity, granted under his status as former President from 1985 to 1989 and as a Senator for life.

Garcia's alleged crimes involve a total 50 million Dollars held in foreign bank accounts, his relationship with the scandal-plagued Bank of Commerce and Credit International (BCCI) and his purchase of two houses in Lima whose price had been cut for him.

Investment cut ordered in Indonesia

JAKARTA, Aug 17: Indonesia President Suharto ordered state companies to slow down their investment activities and help ease pressure on domestic interest rates and the country's balance of payments, reports AFP.

Suharto said rapid economic growth rates, reaching 7.4 per cent annually in the last two years, have strained the country's economic resources as reflected in the current high interest rates and rising balance of payments of deficits.

"I appeal to state-owned companies to review thor-

oughly their investment plans, especially those projects requiring substantial investments, both in local currency and in foreign exchange," he said in a speech on the eve of Indonesia's 46th independence anniversary.

"When we succeed in cooling down the economy, subsequently interest rates gradually will drop," he added.

He also appealed to private investors to implement only productive projects and shelve the rest given the current high interest rates, and to refrain from taking more commercial borrowings offshore.

Dollar rises as US production up

LONDON, Aug 17: The Dollar rose sharply against other major currencies in Europe after better than expected news on industrial production in the United States, reports Reuter.

Production rose 0.5 per cent in July, above the 0.3 per cent expected. The United States also announced a merchandise trade deficit of 4.02 billion Dollars for June, below the 4.3 billion Dollars forecast.

Soon after the two figures were announced, the Dollar stood around 1.7550 Marks and 136.90 Yen, about half a Pfennig and half a Yen higher than in morning trading.

The US currency had closed in Europe on Thursday at 1.7335 Marks and 136.35 Yen.

European share prices were mixed, with London's Financial Times-Stock Exchange Index of 100 leading shares racing to new highs while German shares remained virtually unchanged after digesting Thursday's news of higher German interest rates.

Oil prices were only slightly lower after the United Nations Security Council passed a reso-

lution allowing Iraq to export up to 1.6 billion Dollars worth of oil over six months.

The October futures contract for Brent blend crude oil was down three cents at 19.54 Dollars a Barrel in London.

Gold dropped about 50 Cents to 358 Dollars an Ounce. Dealers said the German rate rises, which would normally move investment away from the Dollar and into marks, were widely expected.

But now said they were expecting to the US central bank, the Federal Reserve, to cut its interest rates and thought the Dollar may well fall again soon.

"There's a real risk the FED will cut the discount rate half a point next week. So there's plenty of room to ease again," said Jonathan Griggs, economist at Barclays Bank in London.

Frankfurt's 30-share Dax Index closed just 0.96 points down at 1,653.33.

London's Ftse-100 jumped 10.6 points to a record 2,627.8, spurred on by strong bank stocks.

French markets were

closed for the second day of two-day holiday.

AP adds from Washington: The US Dollar will remain strong in coming months due in large part to the weakness of the German Mark, the US Congressional Budget Office predicted Thursday.

According to the International Monetary Fund the price of the Dollar rose by 4.86 per cent against the Mark in June, a large increase for a single month. German Marks were selling Thursday for less than 58 US cents each.

The Dollar has been weak since 1989, but it started rising again early this year, except in terms of Japanese Yen.

A strong Dollar encourages people in other countries to buy American stocks, bonds and real estate, and American travellers to spend money abroad. It makes American goods harder to sell abroad and encourages imports of foreign goods.

The Budget Office, which advises Congress on the economy, made its prediction a semi-annual update on the state of the US economy.

US army fights Kuwaiti oil fire

AHMADI, Aug 17: The US Army on Friday attacked a Kuwaiti oil well fire — and won, reports AP.

The mission pitted a Combat Engineering Vehicle — a modified M-60 tank — against a 4-meter (13-foot) mound of coke and debris that had built up around a burning well, making it difficult for firefighters to reach the well to repair it.

Shortly after dawn Friday, an army CEV opened fire with 10 high-explosive rounds and broke the hardened coke into chunks that now can be scooped away.

"They've done a good job," said Danny Clayton, manager of the Red Adair Inc firefighting team that will extinguish and cap the well. "They probably saved us three or four days of work."

Clayton said that normally his crew would use dynamite to blast through the coke, which is a hardened mass of sand, hydrocarbons and salt.

BG-93 in the Burgan Field near Ahmadi is among more than 730 oil wells that Iraqi troops blew up with plastic explosive during their seven-month occupation of Kuwait.

Larry Flak, who coordinates firefighting for the Kuwait Oil Co, said that 301 of the damaged wells have been capped by Friday. Kuwait estimates it will take until March to extinguish most of the wells and Millions of dollars to repair them.

Each of the 10 rounds fired Friday was preceded by the radioed warning: "On the way."

Help on Friday came from the 58th Combat Engineer Co of Fulda, Germany. It is among the support units assigned to Kuwait with the 11th Armored Cavalry Regiment.

Each of the 10 rounds fired Friday was preceded by the radioed warning: "On the way."

Fired from 350 meters (yards) away, nine of the 62-pound (28-kilogram) shells scored direct with hits on the mound and one skimmed the top.

Each hit sent a ball of black soot into the air and chunks of coke flying from the site. The wartime targets of CEVs would be enemy bunkers, buildings and bridges.

"It's excellent training," said Capt Kevin Woods, Commander of the engineering unit. "It's a live mission with a real outcome instead of an inert target."

Brig Gen Robert A Goodbury, Commander of the US troops in Kuwait, said he was pleased "that we can use a piece of equipment of war for peaceful and humanitarian purposes."

Britain inflation declines to 3 year low of 5.5 p c

LONDON, Aug 17: Britain's annual rate of inflation fell to a three-year low of 5.5 per cent in July, from 5.8 per cent in June and May, the Central Statistical Office announced on Friday, reports AFP.

The fall, which was heavily influenced by lower mortgage payments and a 6.9 per cent drop in the price of seasonal food, was exactly in line with analysts' expectations and brings British inflation close to the European average which stood at 5.2 per cent in June.

These figures were pretty much as expected and they

keep us on track for inflation to average 3.75 per cent in the final quarter of the year," said Simon Briscoe, UK economist at Midland Montagu.

Welcoming the fall, which came after retail prices fell 0.2 per cent in July from June, a treasury spokesman said it showed that inflation was on course to meet the government's year-end target of four per cent.

Underlying inflation, which excludes the costs of mortgage repayments and is the government's preferred indicator

of price rises, fell to 6.8 per cent from 6.9 in June. The continuing toll of the recession on consumer confidence was reflected by a 3.7 per cent fall in clothing and footwear prices in July alone.

While inflation appears on course to dip below four per cent by the end of the year, public sector finances seem set to plunge far deeper into the red than the government has predicted.

Although government finances were in surplus by 960 million Pounds in July after a revised deficit of 1.45 billion



There has been a bumper production of guava. Vendors are selling the item in every nook and corner of the city and drawing large number of buyers. — Star photo

US company admits illegal bidding

NEW YORK, Aug 17: Salomon Brothers, one of Wall Street's leading investment firms, has admitted that "several times" it bought more than the legal limit at treasury bond auctions, reports AFP.

The firm also disclosed that in illegal bidding on treasury bonds between December 1990 and May 1991, it had submitted clients' names without their permission.

Salomon Brothers, which is currently being investigated by the Justice Department and the Securities and Exchange Commission, revealed that in February 1991 it bought 57 per cent of the five-year bonds, although its legal limit was 35 per cent, by presenting a bid in its own name and two others under the names of customers without their authorization.

In April 1991, the firm bought 2.5 billion Dollars' worth of five-year notes for a client. It later rebought 600 million Dollars of that purchase at the auction price.

Salomon, the nation's biggest trader in treasury securities, also disclosed a practical joke that backfired on one of its executives and left the firm with one billion Dollars in bonds it did not want.

A bid that was not intended to go to it was submitted in the name of a customer, the company accepted ownership of the securities purchased and failed to disclose its purchase.

Inflation rate falls in Canada

OTTAWA, Aug 17: Canada's annual inflation rate fell in July to 5.8 per cent, compared to 6.3 per cent in June, Statistics Canada reported Friday, reports AFP.

This is the first time the country's inflation rate has fallen below six per cent since the beginning of the year when the federal government introduced a form of Value Added Tax, known as the goods and services tax.

Statistics Canada said there was a one per cent fall in the consumer price index between June and July, with a 0.6 per cent fall in food prices more than compensating for a 0.3 per cent increase in housing costs and a 0.5 per cent increase in transportation prices.

Ugandan sugar empire rehabilitated

JINJA (Uganda), Aug 17: East Africa's biggest sugar complex — The Kakira Sugar Works Limited covering 22,000 acres of fertile lake Victoria Hinterland near here — is back on its feet after lying dormant for nearly three decades, reports AFP.

The complex crumbled as soon as former Ugandan Dictator Idi Amin expelled its Asian owners, Muljibhai Madhvan, the Multi-millionaire family that virtually owned the whole of Uganda's industrial city of Jinja.

Kakira sugar Works, Madhvan's flagship now employing 7,000 workers but hoping to raise the number to 10,000 by the end of next year, has already produced 18,000 tonnes of white sugar worth 12 million U.S. dollars in six months of production.

"After full rehabilitation of the machinery and estate, which we hope to accomplish by the beginning of 1993, we shall produce 90,000 tonnes of sugar per year," complex Managing Director Kamlesh

Madhvan told in Kakira on Thursday.

He brushed aside reports of a family dispute, in which the wife of his late brother and her son, Nitin Madhvan, were reportedly advocating dismantling the industrial empire by apportioning it to family members.

"This is a small matter which has long since been resolved," he said.

So far, 19,000 acres are under sugarcane and, another 2,000 acres have been planted by outgrower farmers adjacent to Kakira, "our target is to have 40 per cent or 350,000 Tonnes of our sugarcane requirement supplied by outgrower farmers," emphasised K. P. Eswar, Company Secretary.

Ugandans, who have depended on imported sugar for some years, are already feeling some relief because of falling market prices of sugar. The government has decontrolled sugar prices as part of overall economic liberalisation.

Aeroflot loses passengers

MOSCOW, Aug 17: The Soviet state airline Aeroflot had 4.5 million fewer passengers during the first half of 1991, primarily due to steep fare increases, a news agency reported Friday, reports AP.

The cost of tickets on the country's only domestic carrier went up an average of 180 per cent when price increases took effect April 2, the independent Interfax news agency quoted a Civil Aviation Ministry official as saying.

Aeroflot, the world's largest airline, is known for its outmoded aircraft, late flights and abysmal service. But because the state-owned monopoly has limited competition internationally and no competition domestically, most Soviets have no choice but Aeroflot.

More than 74 million people flew Aeroflot in the first half of this year, 5 million of them on international routes, news agencies reported.

Deputy Civil Aviation Minister Alexei Goryashko said that amounted to a 6.1 per cent decrease in the number of Aeroflot passengers in 1991, compared with the first six

months of 1990.

Goryashko blamed the price increase for the drop in passengers. However, he also acknowledged that chronic problems plaguing the Soviet Airline have not been resolved, Interfax reported.

Among these were a lack of fuel resulting in flight delays, the rising costs of new technology, and the low level of service and comfort on Aeroflot flights, Interfax quote him as saying.

Long-suffering Soviet consumers routinely endure the poor level of service on Aeroflot because the vast distances in the country makes train travel an unviable option. The price increases, however, are steep enough to make many people cancel flights.

Aeroflot has several joint ventures operating with foreign air companies, including Pan American World Airways. The American company used to have Soviet flight attendants on its international routes, but dropped them because of poor performance, according to a Pan Am crew member who spoke on condition of anonymity.

Nepalese PM for economic liberalisation

KATHMANDU, Aug 17: Nepalese Prime Minister Girtija Prasad Koirala stressed the role of the country's private sector Friday while addressing the 25th annual general meeting of The Federation of Nepalese Chamber of Commerce and Industry (FNCCI), reports AFP.

Pointing to recent steps to liberalise the economy in neighbouring India, Koirala said Nepal could not remain apart from moves toward economic liberalisation in the region.

Koirala said the government would give priority to providing economic and social services to backward areas by enlisting private sector participation in economic activities.

He told the FNCCI's Jubilee anniversary meeting that his government is determined to end the economic stagnation that has plagued the country for the last three decades, and asked business people to cooperate with the government's industrialisation policy.

USSR likely to import oil

MOSCOW, Aug 17: The Soviet Union, the world's largest oil producer, could soon start importing oil if more was not done to bolster its domestic industry, the new Soviet Oil Minister said on Friday, reports Reuter.

"People don't realise the sector is lurching into an abyss," said Lev Churilov, who was appointed two weeks ago.

He said if decisive measures were not taken "within a year or two there will be a need to buy oil from abroad."

In many cases, vital repairs to the industry's decrepit infrastructure were being held up by factors as basic as a lack of cement.

Already production for 1991 is expected to fall to 508 million tonnes from 570 million last year.

Churilov said the industry needed 25 billion Rouble (14 billion Dollars at the official commercial rate) of investment this year and another 48 billion Roubles next year in order to produce only 452 million Tonnes in 1992.

He said, however, the Soviet Union would honour commitments to export 60 million Tonnes this year.

Strikers occupy Polish truck factory

WARSAW, Aug 17: More than 5,000 striking workers have occupied one of Poland's largest truck factories, the news agency PAP reported yesterday, says AFP.

The strikers were calling for the government to accelerate efforts to save the factory from impending bankruptcy and for protection of jobs at a time when company officials have said the restructuring of the firm will involve employment cuts.

The strike, which began on Tuesday at the plant in the central city of Starchowice, followed the collapse of talks between government and union delegations.

The factory's debt reportedly totals several hundreds of billions of Zlotys (tens of millions of Dollars).

Two thousands trucks, or almost half of the plant's annual production, remain unsold and the factory has been functioning under its capacity for some time as a result.

Beer drinking falls due to UK recession

LONDON, Aug 17: Britain's year-long recession, soaring prices and changing attitudes to health have finally succeeded in dampening enthusiasm for one of the country's most hallowed traditions — the pint of beer, reports Reuter.

A market research study released on Friday said consumer spending on beer fell between 1989 and 1991 from 10.6 billion Pounds Sterling (17.9 billion Dollars) to 8.8 billion Pounds (14.8 billion Dollars) in real terms.

With Britons suffering the effects of the recession, the soaring price of a pint and changing attitudes to health, and keeping fit have taken their toll, according to the study based on 858 adults.

Among 20-24 year olds, who are among the most frequent beer drinkers, six in 10 said they were cutting back.

Recent figures show beer prices have risen by more than 18 per cent in the past 12 months — way ahead of inflation. The average cost of a pint is now about 1.40 Pounds (2.40 Dollars).

However, Briscoe said, the overshoot on the PSBR is unlikely to have much impact on the markets or the Pound unless it looks like moving deeper into the red as recovery gets underway around the end of the year.

government borrowing for the full year is likely to exceed Chancellor of the Exchequer Norman Lamont's target of eight billion Pounds.

Excluding privatisation receipts, the deficit for the first four months was an estimated 9.7 billion Pounds compared to a deficit of 4.3 billion in the same period last year.

According to Briscoe, the deterioration of the government's financial position reflected the impact of the year-long recession.

In a month which traditionally sees a surge in company tax receipts and in which receipts from privatisation (mainly from third installment payments relating to the sale of the water industry) were 1.24 billion Pounds, analysts had expected a surplus in the region of 1.9 billion Pounds.

For the first four months of the fiscal year, government finances were in deficit by 6.1 billion Pounds indicating gov-