

Lankan tea prices up

COLOMBO, Sept 5: Strong bidding by Japanese and European buyers helped the Sri Lankan tea market recover slightly at this week's tea auction here, brokers said Thursday, reports AFP.

A Kilo (2.2 Pounds) of Broken Orange Pekoe (BOP) tea sold for a record 910 rupees (21 US Dollars), brokers said, adding there was good demand for the 5.9 million kilos (12.98 million Pounds) of tea offered.

"The tea market in Colombo has been weak in recent months. Yet, slowly but surely the prices are now showing signs of moving up," Colombo broking firm John Keells Ltd. said.

There was also increased buying interest from Libya and Egypt adding to the upward trend in prices, the company said.

International forum on aid to Mongolia begins in Tokyo

TOKYO, Sept 5: International aid discussions began two days of talks Thursday on ways to help Mongolia carry out free-market reforms in its ailing economy, reports AP.

Since introducing a multiparty political system last year after 70 years of communist rule, Mongolia has taken steps to replace its centrally planned economy with a market-based system.

Japanese Foreign Minister Taro Nakayama in his opening address hailed Mongolian efforts "to introduce democracy and a free-market economy, to which they are firmly committed."

Nakayama on Wednesday signed a document formalising a grant of 2 billion yen (14.8 million dollars) to Mongolia that Prime Minister Toshiki Kaifu pledged during a trip to the capital of Ulan Bator in August.

At that time, Kaifu also promised to organize a meeting of countries interested in helping the landlocked Asian country revamp its economy.

Participants at the aid conference, co-sponsored by the World Bank, include representatives of the International Monetary Fund, the Asian Development Bank, Japan, the United States, Germany, South Korea, Australia, New Zealand and Singapore.

Malaysia to build new airport costing \$20b

KUALA LUMPUR, Sept 5: Prime Minister Mahathir Mohammad announced plans Wednesday to build a new airport costing an estimated 20 billion Malaysian Dollars (7.4 billion US) to serve Kuala Lumpur and surrounding areas, reports AFP.

Mahathir told reporters in Malacca south of here, that Kuala Lumpur's new international airport would be located in Sepang district, some 70 kilometers (45 miles) south east of here, Bernama news agency reported.

He said the government had frozen all land transactions in the Sepang area adding that Subang International Airport which now serves Kuala Lumpur could no longer be expanded to meet future growth in passenger and cargo loads.

Japanese Minister admits tax evasion of his company

TOKYO, Sept 5: Japan's Home Affairs Minister Akira Fukuda admitted Wednesday that a company of which he was a Director evaded income tax for three years, in the second case of tax evasion involving a minister in two days, reports AFP.

Fukuda, the architect of a political reform bill now being debated in Parliament, said oil wholesaler Koei Bussan failed to declare income totalling 62 million Yen (453,000 Dollars) in the three years to July last year.

The company was ordered to pay 24 million Yen (175,000 Dollars) in penalty taxes in April.

"I am sorry that a minister in charge of political reforms was linked to a tax evasion case," Fukuda told a news conference. "I have renewed my resolution to implement the reforms to change politics that consumes too much money."

The admission followed the announcement Tuesday by construction Minister Yuji Otsuka that a company which he and his wife partly owned had evaded taxes on income worth 80 million Yen (584,000 Dollars) over a similar period.

Both companies used profits to pay for perks such as secretaries and drivers, declaring the payments as expenditure instead of income. Koei Bussan, which was set up in 1983, is based in Fukuda's constituency in Yamaguchi prefecture in southern Japan.

Third World's debt stands at \$ 1,450 b

PARIS, Sept 5: Third World countries' overall external debt stood at 1,450 billion Dollars by the end of 1990, up from 1,390 billion in 1989, but debt burdens have begun easing and net flows of resources to the developing world are picking up, the OECD said Thursday, reports AFP.

Taking a cautiously optimistic view of the global financing prospects of developing countries, the Organisation for Economic Cooperation and Development (OECD) said official and private transfers to these countries in 1991 were likely to be "sustained at the recent levels in constant terms."

It said fears of a major "diversion" of funding from the developing world to Eastern Europe and the Middle East in the wake of the collapse of communism and the Gulf war "so far appear unfounded."

The Paris-based OECD's 1990 survey of developing country finances reported "sustained progress" over the past three years, with a steady recovery in the volume of financial transfers from the depressed levels of the mid-1980's, and a general decline in debt ratios.

However, it recognized that progress in Latin America and

Asia had not been matched in sub-Saharan Africa, and said "a large number" of low and lower middle-income countries remained saddled with "protracted debt service difficulties."

It also stressed that competition for world savings was "intensifying with the new international challenges in Eastern Europe and the Middle East."

Reuter adds: Provisional 1990 data put the external debt of developing countries up 4.5 per cent at 1.45 trillion Dollars. Most of the rise was due to exchange rate movements.

Financial flows to the developing world from all sources, private and official, increased by 16 per cent in 1990 to an estimated 142 billion Dollars, though at constant 1989 prices and exchange rates the increase was a more modest four per cent.

Private flows jumped to 61 billion Dollars from 48 billion Dollars in 1989, despite declines in flows to North Africa and the Middle East.

But the development of low-income countries in Africa in particular is still handicapped by the burden of debt and a related shortage of foreign exchange, the OECD said.

Poland, Russia sign economic pact

WARSAW, Sept 5: Poland and Russia have signed an "economic pact" which should serve as a model for the re-drawing of economic relations between Poland and Soviet Republics, press reports here said on Wednesday, reports AP.

The agreement was signed in Moscow on Tuesday during a visit by Polish Finance Minister Leszek Balcerowicz.

Under the agreement each country would grant the other Most-Favoured-Nation (MFN) status. Payments may be made in currency, in national currencies and through clearing arrangements.

Russia accounts for 80 per cent of Polish trade with the

Soviet Union which has fallen by 70 per cent since the dissolution of the Eastern COMECON trading bloc.

During the last seven months Poland has imported Russian goods worth 700 million Dollars mainly in the form of oil and gas, and has exported products to Russia worth 250 million Dollars. Poland is expected to have a trade deficit with Russia of up to one billion Dollars by the end of the year.

Poland has proposed supplying meat, wheat, sugar and fruit worth 200 million Dollars in exchange for oil and gas.

Similar agreements are expected to be signed shortly between Poland and Latvia, and with Estonia.

China denies fall in silk output

TOKYO, Sept 5: A top Chinese silk industry leader has denied worries over a possible decline in China's export of raw silk and silk products despite heavy flood damage to its raw silk industry, Jiji press reported Thursday, says AFP.

Huang Zenghua, Vice President of China's National Silk Import and Export Corp, now in Tokyo, was quoted by Jiji as telling Japanese reporters Wednesday that Jiangsu province, a major raw silk production center in China, was severely hit by the floods in May and June, causing damage to thousands of hectares (Acres) of mulberry trees.

He said China would see a sharp fall in this year's raw silk

output this year, and next year's production will be limited to around 4,500 Tonnes, almost equivalent to the 1990 level, after enjoying five to ten per cent rises in production annually in the several years.

Huang however said China would make every effort to honour export contracts, fulfilling terms such as delivery dates, quality and quantity.

He was also quoted as saying China would not demand hikes in prices of raw silk products because of the flood damage in negotiations with Chinese silk importers expected to be held this Autumn.

Under an agreement signed in April, Japan has agreed to halve its imports of Chinese raw silk from the previous year's 40,000 Bales to 2,000.

Oil prices decline

LONDON, Sept 5: Oil prices slid on Wednesday after reports of high OPEC output and Saudi Arabia rebuilding stocks in anticipation of growing demand, reports Reuter.

The October futures contract for North Sea Brent crude oil fell 30 cents from the Tuesday close to 20.28 Dollars a barrel by 1615 GMT in London.

The New York Mercantile Exchange's October light crude contract was done 31 cents at 21.93 Dollars a barrel.

The International Energy Agency monthly oil market report published on Tuesday showed production by the Organisation of Petroleum Exporting Countries (OPEC)

rose to 23.0 million barrels per day (BPD), 3,000,000 BPD up on July and the highest this year.

"Concern about recent OPEC production numbers and the Saudis attempt to load up on floating storage is weighing on the market. It's not new, but its being reinforced by recent reports," a New York Futures trader said.

A Reuters survey last week of OPEC August output at 23.66 million BPD.

Recent reports have said that Saudi Arabia, the biggest OPEC producer, has been adding up to 5,000,000 BPD to its crude stocks to satisfy high demand in the Northern hemisphere winter.

Japanese parliament begins hearings on brokerage scandal

TOKYO, Sept 5: The House of Councilors (upper house) Special Panel began hearing testimonies from top officials of Japan's "big four" securities houses regarding the recent brokerage scandal, Parliament officials said, reports AFP.

The upper house's Special Committee on Securities and Financial problems is to question four witnesses — Setsua Tabuchi former Chairman of Nomura Securities Co Ltd, Takuya Iwasaki, former President of Nikko Securities Co. Ltd, Masahiro Dozen, President of Daiwa Securities Co. Ltd, and Tsugio Yukihira, President of Yamaichi Securities Co.

Tabuchi and Iwasaki were called last Thursday to testify before a similar panel set up by the House of Representatives (lower house) to probe the brokerage scandal.

Tabuchi, who quit in July after revelations that the company lent 20 billion Yen (150 million Dollars) to an underworld figure, denied alleged stock manipulation in his testimony to the lower house committee.

According to government documents submitted to the lower house session, the late Susumu Ishii, former boss of Japan's second largest crime Syndicate, Inagawa-Kai who died in a Tokyo hospital



German Minister for Research Riesenhuber tests an electric automobile made by Asea Brown Boveri in his office compound. — IN-P photo

Albania likely to get EBRD membership

LONDON, Sept 5: Directors of the European Bank for Reconstruction and Development's (EBRD) have approved Albania's application for membership in the bank an EBRD spokesman said here, reports Reuter.

The application must now be cleared by the Bank's Board of Governors, he added.

The Directors have decided to recommend that the Board of Governors approve the application, the spokesman said. Albania which applied to join the EBRD in July would become the 42nd shareholder of the Bank and its eight country of operation.

The EBRD governors may vote on Albania's membership in a postal ballot.

Soviet republics to create new economic community soon

MOSCOW, Sept 5: Soviet republics are rallying behind a plan by radical market economist Stanislav Shatalin to create a new economic community, possibly embracing central European countries, reports Reuter.

The convention has already been approved and signed by experts from 13 (of the 15) republics. Two more are expected to sign soon, Soviet Television reported.

Shatalin outlined the plan on Tuesday's Television News Service (TSN) after leaders of the Russian Federation, the biggest Soviet republic, suggested such an agreement could help stave off economic collapse in the wake of last month's abortive hardline coup.

"I have spoken to Ambassadors from Hungary, Czechoslovakia, Poland and Bulgaria. They will inform their leaders and within a week we expect a reply from these countries," Shatalin said.

TSN, a current affairs broadcast, illustrated the main points of the plan, which bore some resemblance to principles governing the European Community.

These included coordinated taxation and customs policies, monetary cooperation, free movement of labour and citizens within the community and anti-trust measures. But there are bound to be significant differences related to unique economic problems, notably the lack of convertible currency.

Russian leaders have suggested a clearing system to facilitate trade, but details of this remain vague.

It was also unclear how much official backing Shatalin's plan had. If adopted by the Soviet Union's proposed Inter-Republican Economic Committee, a body still to be established by this week's emergency session of the Supreme legislature, it might replace the country's old centralised economic structures.

"The main pre-condition is that it will be a community of states subject to international law," said Shatalin, co-author of the radical "500-day" plan for introducing a market economy, abandoned last year in the face of conservative opposition.

German budget deficit \$ 29 b

BONN, Sept 5: Braving a political storm, the German government on Tuesday submitted a draft budget for 1992 that clamps spending to a three-percent increase over 1991 but still leaves a deficit of 50 billion German Marks (28.7 billion Dollars), reports AFP.

Economy Minister The Waigel kicked off the three-day parliamentary debate with a defence of the 422.6 billion Mark (244 billion Dollars) plan, saying it reflected fiscal rectitude and "Germany's immense responsibility worldwide" in its handling of the cost of unification.

"We haven't concocted a ghost budget," he said. "Nothing has been hidden."

The draft includes a continuation of the massive transfer of funds to the five new Länder (states) of eastern Germany

that was begun in July 1990. About a quarter of the total-109 billion Marks — will be channelled there in subsidies, especially for communications and agriculture.

Other big spenders are welfare and work programmes (92.9 billion Marks) and defence, which remains unchanged at 52.5 billion Marks.

The defence budget was sharply criticised by the Opposition Social Democratic Party (SPD), which argued for a major cut.

But its biggest attack was reserved for the 50 billion Mark deficit, which follows a deficit in the 1991 budget of 66 billion that has been covered by a combination of hefty tax hikes and borrowing.

"Germany's total public debt will reach 1,300 billion Marks by 1995," said Ingrid

Matthaeus-Maier, Social Democrat spokesman on budget matters "for every six Marks paid in tax, one will be used just to pay off interest."

The head of the Association of German Industries (BDI), Heinrich Weiss, also expressed concern at the deficit.

"The spiral of spending increases followed by tax increases" cannot continue indefinitely "without endangering growth and employment," he said.

He said that German levels of corporate and personal tax now among the highest in Europe — were already discouraging foreign investors.

Investment in Germany this year is likely to total 30 billion Marks, of which only three billion will come from abroad, the BDI estimated Tuesday.

Manila presents draft economic cooperation treaty to ASEAN

MANILA, Sept 5: The Philippines presented a draft treaty of economic cooperation to the Association of South East Asian Nations (ASEAN) here Thursday for consideration during an ASEAN Summit in Singapore in January, reports AFP.

Philippine Foreign Secretary Raul Manglapus, Chairman of the Asian Standing Committee, said at the close of the Committee's three day meeting here that the treaty would "strengthen our common commitment to closer economic cooperation."

He added that the draft treaty would be later submitted to the United Nations Development Programme (UNDP) for study before being taken up at the fourth ASEAN Summit in Singapore.

However, Solita Aguirre, Director-General of ASEAN-Philippines, said that a copy of the draft treaty, which was prepared by the Philippines, was not yet ready for release.

"It's very rough," she said. The ASEAN treaty, an initiative of Manglapus, was first introduced two years ago and has been endorsed in principle by all the members of ASEAN which also includes Brunei.

Indonesia, Malaysia, Singapore and Thailand.

Aguirre said the treaty would cover cooperation on economic concerns and would integrate the various existing ASEAN economic agreements such as the ASEAN industrial joint ventures and preferential tariff structures.

She said the standing committee also called for feasibility studies for the setting up of an ASEAN university, which would "encourage ASEAN studies," and spread awareness of ASEAN among academic and other sectors.

The balance of payments on current account showed a shortfall of 5.8 billion Marks in July compared with June, after a fall of 3.7 billion Marks in June. From January to July the balance has shown a shortfall of 25.9 billion Marks.

The trade surplus increased by 200 million Marks in July after an increase of 400 million in June between January and July the surplus increased by 5.2 billion Marks (three billion Dollars).

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Pakistan to build \$ 200 m deep sea port

ISLAMABAD, Sept 5: Pakistan plans to build a deep sea port in south western Balochistan province at a cost of 200 million Dollars, the official Associated Press of Pakistan (APP) said Wednesday, reports AFP.

Prime Minister Nawaz Sharif approved the project after a briefing Tuesday by Communications and Shipping officials and a Belgian consultant at Gwadar, where the port is to be built, it said.

A feasibility study on the project will be updated in three months, APP said, adding that eight foreign firms had shown interest in the scheme.

The English-language daily The Dawn said the Pakistan Navy, which now operates out of Karachi, planned to shift its major activities to Gwadar when the new port is finished. Defence experts favour Gwadar because of its proximity to the Gulf, the newspaper said.

Money forgers arrested in Iraq

BAGHDAD, Sept 5: Finance Minister Majid Abed Ja'afar said on Wednesday Iraqi security forces had arrested some members of a gang forging the country's currency, reports Reuter.

In a statement, he added that the rest of the gang members would be rounded up imminently. He gave no numbers or any details.

Ja'afar said the fakes had had little effect on the economy because they were poor imitations and only a limited number had been produced.

Last month, Iraq accused its neighbours of flooding the country with forged Dinar notes to destabilise Iraq's economy.

Riyadh buys white sugar

LONDON, Sept 5: Saudi Arabia bought six cargoes (10,000 to 12,000 Tonnes each) of white sugar from China for nearby shipment and two cargoes of white sugar from the European Community at a recent tender, traders said here Wednesday, reports AFP.

Turkey is rumoured to have cancelled its previous tender for white sugar for September-October delivery.

German imports at record high

BONN, Sept 5: German imports reached a record high level of 58.69 billion Marks (34.5 billion Dollars), the Federal Statistical office reported on Wednesday, reports AFP.

This represented an increase of 26 per cent on the level in July 1990 and of 10 per cent on the level in June 1991.

German exports in July totalled 58.69 billion Marks, representing an increase of 9.8 per cent over the level in June and of 4.2 per cent in July 1990.

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Nissan fights car noise with noise

TOKYO, Sept 5: Nissan, Japan's second largest car-maker, will fight noise with noise to try to eliminate engine sounds from car passenger compartments, reports Reuter.

The company had developed a system called active noise control that will issue sound waves from speaker under the car seats, a Nissan spokesman said on Wednesday. These sound waves will push back sound waves coming from the engine.

Engine noise changes according to road conditions and speed, so a system computer will calculate the frequency needed to drown the engine noise, the spokesman said.

Nissan is considering installing the system in new models to be launched later this year, the spokesman said. He gave no other details.

The system will not increase exterior car noise and its sound waves will be imperceptible to the human ear, he said.