

Bush's threat to Israeli loan positive : PLO

TUNIS, Sept 14 : A PLO leader said on Friday that President George Bush's threat to veto an Israeli 10 billion Dollar loan guarantee was a positive step in the right direction, reports Reuter.

Ussam Abu Sharif, Political Adviser to PLO leader Yasser Arafat, said in a statement that similar steps could only strengthen the credibility of the American administration with the Palestinian people.

Bush on Thursday said he would veto any Congressional effort to give Israel the requested loan guarantee in the next 120 day to preserve a historic opportunity to mediate Middle East peace.

He sought the delay to try to avoid any adverse Arab reaction which could derail his hopes for a Middle East Peace Conference, planned for October.

Israel wants the guarantee to get low-cost money to help it resettle hundreds of thousands of Soviet Jews, raising Palestinian fears the immigrants will move into Israeli-occupied Arab land.

The essential thing now is that President Bush pursues his efforts to stop the setting up of colonies (in the occupied territories) so the peace conference can start, Abu Sharif added.

US considers food aid for Soviet Union

WASHINGTON, Sept 14 : The United States and other countries will be able to meet the Soviet Union's food aid need during the coming winter, US Agriculture Secretary Edward Madigan said yesterday, reports Reuter.

"I feel quite secure in saying the needs of the Soviet Union will be met by those who choose to be of assistance, and that certainly would include the United States," Madigan told a news conference.

Madigan refused to discuss the specifics of possible US aid and said he expected the US contribution to be part of a larger, multilateral effort.

He also said the help would continue through the winter, and that US technical personnel might be sent to the Soviet Union.

Soviet officials have said they need help in modernising their food processing and distribution systems, and well as their farming methods.

Most analysts think the White House will propose a mix of food grants and low-interest loans, as well as long-term credits and direct government loans.

President George Bush so far has limited food assistance to the Soviet Union to 2.5 billion Dollars in export credits, which must be repaid in three years.

Several analysts said they thought the Bush administration would shift from relying on credit guarantees to more generous programmes normally reserved for poor countries.

Soviet officials said the old financing is exhausted and they will not be able to use the more than 200 million Dollars remaining in current credits until they get new financing.

Moscow is slated to receive an additional 585 million Dollars in credits after October 1.

UK warns US on interference in trade with Cuba

LONDON, Sept 14: Britain will continue to press US Congress to reject an attempt to prevent foreign subsidiaries of U. S. companies trading with Cuba, a spokesman for the department of trade and industry said yesterday, reports AFP.

Britain, which had traded valued at 39 million Pounds (66 million dollars) with Cuba last year, will seek to organise a maximum number of countries in opposition to the Mack Amendment, he added.

British Trade and Industry Secretary Peter Lilley said in a statement Tuesday, "It is for the British government, not the U.S. Congress, to determine the UK's policy on trade with Cuba."

"We will not accept any attempt to superimpose U.S. law on U.K. companies. I hope the Congress will think long and hard before seeking to interfere with legitimate civil trade between this country and Cuba."

In 1975 the U.S. embargo was relaxed to allow U. S. company subsidiaries based abroad to trade with Cuba.

The Mack Amendment, which takes its name from Florida Senator Connie Mack and does not have the support of the Bush administration, proposes the abolition of this excepting, with fines of up to 10,000 Dollars and up to 10 years in prison for anyone who trades with Cuba.

US key discount rate lowered

WASHINGTON, Sept 14 : The US central bank, the Federal Reserve Board, has lowered its key discount rate to the lowest level in 18 years but already analysts wonder if it's enough to keep the economic recovery on course, reports Reuter.

The Fed on Friday cut the rate to 5 per cent, from 5.5 per cent, to persuade companies and consumers to borrow and spend, to spur demand and production and consumers to borrow and work.

The central bank also pushed down the overnight Federal funds rate to 5.25 per cent from 5.5 per cent.

But many analysts say the economy may need more help, and predicted further cuts this year to shake the country loose from its 14-month recession.

"It's not going to stimulate any great economic growth. It

will prevent a slippage into another recession," said Ward McCarthy, Managing Director at Stone and MacCarthy.

"I expect they will ease again before the end of the year," he added.

Allen Sinai, an economist at Boston Co, said, "there's just no oomph in the economy and at best it's mounting only a little, little bit of a recovery."

He predicted another cut in a month or two unless there were signs of growth and new lending from banks.

The US Chamber of Commerce also said the half a point cut in the discount rate was not enough.

The country's economy has shown only sporadic signs of a rebound from the recession that began in July 1990, and some fear it might be slipping back into recession.

In announcing the discount

rate cut, the central bank said it acted because money supply growth was weak, inflation was moderate and it was concerned about the potency of the economic recovery.

The move came on the heels of government reports that showed retail sales fell 0.7 per cent in August and consumer prices moved up only 0.2 per cent.

The Fed's action had some immediate effect — several major commercial banks lowered the prime lending rate they give their big corporate customers. New York's Morgan Guaranty Trust Co, the Nation's fourth largest, slashed its rate to 8 per cent from 8.5 per cent.

The White House, which has long encouraged lower interest rates as a way to pull the economy out of the recession, welcomed the moves by the Fed.

"It's good news," White House spokesman Marlin Fitzwater told reporters "I don't think there's any doubt that we're coming out of the recession."

Treasury Secretary Nicholas Brady said he hoped Friday's move would be followed by others, adding, "It is extremely important that Fed policy support the economic recovery."

The White House had pushed for lower rates to spur the economy ahead of the presidential election next year.

But Democrats said the Fed action to be followed by commercial bank cuts in interest rates to consumers.

Charles Schumer, a Democratic Congressman from New York, said the Fed had lowered the discount rate four times in the past 10 months "but the big banks continue to charge outrageous credit card rates of 19 per cent and 20 per cent."

France wages economic war against US Cos

NEW YORK, Sept 14 : The French government's secret service has been fighting an economic war against US companies by spying on American executives and corporations in France for at least a decade NBC television reported on Friday, reports Reuter.

The former head of the French Secret Service, Pierre Marion, told NBC's "Expose" news program that 10 years ago he had put into effect the elaborate espionage plan "for the good of France."

Marion said it had been his own decision to let the secret service obtain confidential US plans and that he had "no regrets whatsoever" about his actions.

He pointed to a clear distinction between military and economic espionage.

"It would not be normal that we do spy on the states in political matters or in military matters. We are really allied, but in the economic competition, in the technological competition, we are competitors, we are not allied," he said.

Marion said he had assigned 20 agents to hunt for confidential business plans of certain US concerns and admitted to having listened in on conversations and intercepting phone calls on behalf of French firms.

NBC said intelligence experts were warning US businessmen travelling to Paris to take precautions to safeguard their business secrets.

The network said France's intelligence network may have hidden microphones inside seats on Air France jets to obtain classified information.

Soviets seek \$6b EC food aid

BRUSSELS, Sept 14 : The European Commission (EC) is considering a Soviet request for massive food aid worth between five and six billion European Currency Units (ECU), (six to seven billion Dollars), a Commission spokesman said here yesterday, reports AFP.

Moscow has asked for 5.5 million tons of wheat, 8,00,000 tons of meat, 9,00,000 tons of sugar, 3,50,000 tons of butter, 3,00,000 tons of flour, 3,00,000 tons of vegetable fat, 50,000 tons of tobacco, 50,000 tons of baby food and 30,000 tons of malt, the spokesman said.

Interim Prime Minister Ivan Silayev made the request in a letter to European Commission President Jacques Delors, which he gave to foreign relations commissioner Frans Andriessen in Moscow.

The aid was needed to stock up the shops for the winter and showed "What a state of shortage they are in," the Commission spokesman said.

The EC will be discussing the request with the Group of Seven (G-7) leading industrialised nations as it "involves the entire international community," he added.

"It is a major humanitarian and political decision. The 12 EC member countries are expected to discuss the request at a special summit next month on the Soviet aid issue."

The EC agreed during the Rome summit in December to provide direct food aid in the form of grants totalling 250,000 ECU and credit guarantees totalling 5,00,000 ECU.

But the credit guarantee has not yet been put in place as the consortium of banks managing the operation have not been able to establish who they are supposed to deal with on the Soviet side.

European Commission President Jacques Delors on Wednesday urged the European parliament in Strasbourg to give the Soviet Union at least two billion Dollars to enable it to buy food from east European neighbours.

He was not aware at the time of the request in the letter from Silayev.

AFP reports from Dresden of Germany : Top officials from the Group of Seven (G-7), the wealthiest Western nations, meet here Sunday in a fresh attempt to solve the Soviet dilemma.

When should the West start pumping aid into the Soviet Union? How much should it contribute? And who should get it — the central government in Moscow, or individual republics?

The questions, left unresolved by the G-7 summit in London in July, are now causing alarm in Western capitals, as well as simmer in frustration in Germany, the biggest donor to date.

According to AFP estimates, 45 billion Dollars has been given or pledged to the Soviet Union from the G-7 and other member of the European Community (EC).

Oman to sell BCCI stake soon

ABU DHABI, Sept 14 : The National Bank of Oman (NBO) is soon to begin selling a 40 per cent shareholding controlled by the troubled Bank of Credit and Commerce International (BCCI), the second regional bank to take such a step, reports AFP.

Discussions with people acting on behalf of the 40 per cent shareholders have reached an advanced stage, NBO, General Manager Aybun Hill told AFP by telephone from Muscat.

We expect the process to be successful and we will finish it within weeks from now," he added.

NBO, a private venture, is the largest bank in Oman, with capital of 51 million Dollars and assets of 823 million Dollars.

The bank, which has 52 branches in Oman, is the second in the Gulf to announce plans to dispose of BCCI shareholding after Britain and other countries shut down BCCI for alleged fraud.

Abu Dhabi owns 77 per cent

of BCCI, which was given until December by the Bank of England to find an acceptable rescue formula.

The Bank of Credit and Commerce Emirates, which was forced by the BCCI problem to change its name to the Union National Bank (UNB), has also said it will sell BCCI's 40 per cent stake.

But it has yet to start selling, pending the completion of BCCI investigations, local bankers said.

UNB has not changed its plans. It will begin selling once the turn of the BCCI affair becomes clear. It will probably start after December, according to one banker.

But UNB, with assets of 5.7 billion Dirhams (1.55 billion Dollars), seems to have overcome the impact of the BCCI scandal, as dealing in its shares has resumed and its price increased.

Dealers said UNB share price has risen to 116 Dirhams (31.6 Dollars) from 90 Dirhams (24.5 Dollars) a

month ago. They said they expected it to increase further.

The main reason for the increase is that investors have heard that the Abu Dhabi government has supported the bank with 100 million Dirhams (27.2 million Dollars), a dealer said.

Abu Dhabi, owns 45 per cent of UNB and bankers expect most of the BCCI shares to be sold to the State-owned Abu Dhabi investment authority, which has a 10 per cent stake in BCCI.

In the interview, Hill said the BCCI scandal had little impact on the National Bank of Oman, most of which is owned by Omanis.

It first caused concern, but with the unqualified support of the government and the central bank, we managed to allay fears and reduce the BCCI effect, he said.

"Now that the BCCI shareholders will be sold, we are looking to a better future for the bank. I also think we will be in a good position this year if the BCCI problem is settled."

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Soviet military tanks turn into tractors, cranes

BOLOGNA (Italy), Sept 14: Tank chassis now used as tractors, cranes or bases for mobile power stations are among the items on offer at an exhibition to promote the output of Soviet defence firms converting to civilian use, reports AFP.

The major display, called "conversion 91," opened here Friday and offers a good look into the problems and potential facing the Soviet Union as it reorients its old military factories.

The defence ministry stand shows the T-55 tank, the sort that crushed the Hungarian uprising in 1956, and the T-

42, hundreds of which were destroyed by allied pilots fighting Iraq at the beginning of the year.

These stalwarts of Soviet military might have been repackaged as a tractor, a crane and a mobile electricity generator.

The Vice President of the State Commission for Arms Industries, Yuri Matzak, said here that help from western companies was vital if 1,400 military factories were to be reorganised within four years as planned.

The purpose of the show is to attract western investor's interest in the massive pro-

gramme to change the modern "swords" of the Soviet military complex into the technological equivalent of "ploughshares" to promote a market economy.

The exhibition has been staged by six Soviet ministries and hundreds of agencies working for the Soviet military effort which have presented 1,400 items of military equipment.

While some of the technology on offer is at the leading edge of development, including the processing of titanium, lasers and optic fibres, many of the examples of converted military hardware have little to offer a market econ-



BUENOS AIRES: Zulema Yoma (L), estranged wife of Argentine President Carlos Menem, and their son, Carlos Facundo Menem, enter a Buenos Aires courthouse September 13. Zulema Yoma is in court to demand that Carlos Menem fulfill his alimony payments, and denied charges by Menem that she has links to a branch of the Argentine military known as the "Carapintadas," who have been accused of plotting the December 1990 military coup against Menem. —APP/UNB photo

Latvia faces Rouble liquidity crisis

MOSCOW, Sept 14: The Latvian Central Bank has been hit by a Rouble liquidity crisis causing it partially to block client accounts, the RIA news agency reported on Friday, reports AFP.

Clients wanting to cash paper credits are permitted to withdraw a maximum of 700 Roubles. Amounts above that are being blocked in a savings account for at least three months, RIA said.

To discourage Latvians from depositing funds in the neighbouring Republic of Russia, the Bank on Friday began to credit any cash deposit of 100,000 Roubles with 150,000 Roubles, representing deposit bonus on big sums of 50 per cent.

A deposit of 100,000 Roubles represents 15 years of an average salary.

GATT talks likely to be wound up by year end

ANGERS (France), Sept 14: The Uruguay Round of Global Trade Talks under the auspices of the General Agreement on Tariffs and Trade (GATT) could be wound up by the end of this year in spite of recent blockages, officials from some of GATT's most powerful members said at talks here Friday, reports AFP.

Eitichi Nakao, who heads Japan's Ministry of International Trade and Industry (MITI) said he was optimistic after talks with three other officials representing the United States, the European Community and Canada.

"All four of us expressed strong determination to finish the round by the end of this year," Nakao said. The talks were originally supposed to have been concluded last December in Brussels, but have been stalled by major disagreements over farm trade.

Rufus Yerxa, a top aide to U. S. Trade Representative Carla Hills, who is also attending the talks, said the participants still very much hope to conclude the talks, which have been blocked by disagreements over farm tariffs, by the end of the year.

He added that the talks were taking place in a constructive atmosphere, although there was a concerned tone to many of the proceedings.

Opening the meeting, the EC's Commissioner for Foreign Trade, Frans Andriessen said that a failure of the Uruguay Round would be a catastrophe for the world. He added that there was a very good chance that the talks could be wound up by the end of the year.

Japan to amend securities exchange law

TOKYO, Sept 14: Japanese Prime Minister Toshiki Kaifu's cabinet Friday approved a draft bill designed to prohibit the compensation of securities investment losses, officials said, reports AFP.

The bill to amend the Securities and Exchange Law is to be presented to parliament next week for approval, they said, adding that it would take effect three months after its passage.

Securities company employees will be imprisoned for up to one year or fined up to one million Yen (7,500 Dollars) for compensating investment losses, while the investors will be imprisoned for up to six months or fined 500,000 Yen (3,750 Dollars) for accepting compensation, the officials said.

Financial experts said the proposed penalties were too weak to prevent unfair securities transactions.

The government proposed the law changes following criticism which blamed loopholes and a vague definition of terms in Finance Ministry guidelines for a series of stock scandals.

In violation of the guidelines, 21 Japanese securities firms have paid at least 172.8 billion Yen (1.3 billion dollars) to compensate big clients for stock and bond investment losses.

The draft bill defines "compensation" as an act to offer, promise or actually provide financial returns to investors.

Meanwhile, an official advisory panel submitted recommendations Friday to Kaifu, seeking the establishment of a securities market watchdog within the Finance Ministry.

The administrative reform council recommended in a report the formation of a securities and financial inspection committee in the ministry to prevent illegal or unfair trading, officials said.

Private-sector specialists have said such a watchdog should be set up outside the government in view of possible "collisions" between officials and the industry.

BCCI-owned bank loaned money to former US officials

WASHINGTON, Sept 14 : The US Federal Reserve Bank's top attorney told Congress Friday that unnamed former government officials received loans from First American Bankshares Inc., the Washington bank the government says was illegally acquired by a foreign-owned institution.

Federal Reserve General Counsel Virgil Mattingly did not say whether any impropriety was involved.

He was testifying before the House Banking Committee, which is looking into the scandal surrounding the Bank of Credit and Commerce International (BCCI).

Russians for Japanese aid against Kuril islands

MOSCOW, Sept 14 : A senior official from the Russian Federation said on Friday that his Republic, not the Soviet Union, would handle relations with Japan and settle a territorial dispute dating back to World War two, reports Reuter.

Ruslan Khasbulatov, Acting Chairman of the Russian Parliament, said it was time to abandon a long-held Soviet position of viewing relations with Japan as those between wartime victor and loser.

Naturally what we have in mind is Russo-Japanese relations, not relations between Japan and the Soviet Union, he told the Soviet news agency Tass after returning from a visit to Tokyo.

"Consequently, the entire spectrum of problems will be regulated within the framework of Russo-Japanese relations. We are taking it upon ourselves to settle the disputes and sign a peace treaty."

Khasbulatov said the territorial dispute over four islands

occupied by the Soviet army at the end of World War two should be solved within the framework of preparation for the signing of a peace treaty and the islands should be demilitarised.

Tokyo has refused to sign a peace treaty or grant substantial economic aid to the Soviet Union until the dispute over the four islands off northern Japan is resolved.

During his visit Khasbulatov handed a message from Russian President Boris Yeltsin to Prime Minister Toshiki Kaifu calling for peace treaty negotiations to be speeded up. Khasbulatov said Russia was ready to take up the dispute over the islands and wanted billions of dollars in aid.

Yeltsin's Russia, by far the biggest and most powerful Soviet Republic, has taken a series of steps to take control of its vast resources from the Kremlin. The Russian Federation administers the disputed islands.

Inflation hits Swiss economy

ZURICH, Sep 14 : Inflationary pressures remain the biggest headache for the Swiss economy and the nation's central bank should avoid easing its monetary grip too soon, the OECD said on Friday, reports Reuter. Overall economic efficiency could also benefit from structural reform through the dismantling of cartel arrangements and tax reform, the Organisation for Economic Cooperation and Development said in its annual Swiss survey.

New Thai law likely to protect tourists

BANGKOK, Sept 14 : Thailand is to protect foreign tourists from scams and shady operators with a new law which will closely monitor the entire local tourist industry and slap heavy fines on violators, a Thai official said here on Friday, reports AFP.

The draft bill, initiated by the Tourism Authority of Thailand (TAT), was approved by the government on Wednesday and is to be submitted to the National Legislative Assembly for further scrutiny next week, the TAT official said.

The bill is to impose a "Mutual Guarantee Fund" contribution on all local registered firms in the tourist industry to be used for compensation to foreign visitors, who suffer losses, damage or injury incurred by local operators.

Tourist firms, tour guides, restaurants, hotels, land, sea and air transport companies and other tourist-related busi-

nesses will be required to register for membership with the TAT, while unlicensed or unregistered operators will face a fine of between 100,000 to 500,000 Baht (4,000 to 20,000 US Dollars).

Operators will also be required to furnish the TAT with precise information on their operations, including business licence, type of operation, number of employees, types of vehicles, description of accommodation, facilities type and number of meals offered as well as advertisement material, while guides will be required to wear uniforms in the near future.

The scale of contributions by private companies to the Mutual Guarantee Fund will be determined by the size and type of business, which will probably become a "progressive regulation" which could be up-dated, the official said.

Switzerland's year-on-year rate of inflation fell last month

Switzerland's year-on-year rate of inflation fell last month to six per cent, its lowest since April and after 6.6 per cent in July. But the figure was at the upper end of independent analysts' forecasts as Swiss inflation is still one of the highest among major Western countries.

Underlying inflation had now risen to unusually high levels by Swiss standards and the task of reducing inflation was likely take longer than previously thought.

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But also being shown are satellites capable of taking photographs identifying targets measuring only three metres (about 10 feet).

The best western civilian satellite, spot, can only identify targets measuring 10 metres (33 feet).

Officials of Aviaexport have displayed engines of mig aircraft which can be recycled, and are offering giant Antonov AN-124 and AN-225 transport aircraft for rent.

However, these officials acknowledge that international safety regulations pose prob-

Soviet officials here say that thousands of arms factories employ eight million people.

lems for the conversion of Soviet military aircraft to civilian use.

Soviet officials here say that thousands of arms factories employ eight million people. Matzak said that conversion would pose "many problems of unemployment."

Furthermore the Soviet research sector was accustomed to working with limitless resources and was having difficulty in adapting to cost controls.

Several products here have been made for non-military use but with methods and accompanying prices familiar to the army, Italian experts, particu-

larily negotiators for the Fiat and IRI groups, said.

The show is also an example of the extraordinary changes caused by the economic crisis. It has something of the air of a major auction house as old naval vessels are offered for sale alongside under water cables and other items, including souvenirs of the Red Army, from complete uniforms down to badges and medals.

Collectors from Britain and France have come toward themselves enough rows of stars and red and gold crosses to make a Soviet marshal look insignificant.