

US Senate okays MFN trade status to Soviets

WASHINGTON, Nov 27: The US Senate has approved normal trade privileges for the Soviet Union and up to 700 million Dollars in new aid to the former adversary, reports AP.

The Most-Favored-Nation (MFN) trade designation previously passed the House and goes to President Bush for his signature. The aid measures were to be taken up in the House, possibly Tuesday.

The measures affecting the Soviet Union were being rushed through with several other key measures as Congress headed for adjournment before Thanksgiving Day on Thursday.

Dealing with the crumbling Soviet Union consumed much of lawmakers' attention Monday as the Senate approved a treaty limiting conventional weaponry in Europe, gave final approval to MFN trading status and resoundingly voted for new aid.

With fears rising of civil unrest as the Soviet economic and political systems collapse, senators voted 86-8 to spend up to 500 million Dollars from the Pentagon's budget to pay for gathering up and dismantling as many as 15,000 tactical nuclear weapons now spread across the Soviet Union.

Senators also approved the supply of airlift emergency food and medicine to the disintegrating superpower this winter.

Both aid provisions were attached to a companion bill implementing the Conventional Forces in Europe Treaty.

Senator Richard Lugar, who had dealt extensively with the White House on the Soviet aid idea, said he was confident Bush would use the new authority — particularly since Democrats had promised not to criticize him for doing so.

An earlier 1 billion Dollars aid proposal for the Soviets was withdrawn two weeks ago by its Democratic sponsors after they encountered a wave of anti-foreign aid feeling among colleagues.

The conventional forces treaty, signed by Bush and Soviet President Mikhail S Gorbachev in Paris a year ago, sets ceilings on conventional weaponry—tanks, artillery and combat aircraft—deployed by both sides in the region between the Atlantic and the Ural Mountains.

Under the ceilings, the United States and its 15 NATO allies will have to destroy fewer than 3,000 major weapons, while the Soviets and the five members of the defunct Warsaw Pact will be forced to scrap almost 20,000.

Dollar rises sharply in NY

NEW YORK, Nov 27: The Dollar finished sharply higher but off its early afternoon peaks, reached after a news service report that the German economy minister saw 1.65 to 1.75 Marks as the best level for the Dollar, reports Reuter.

The news sparked a frenzied Dollar buying spree. But according to Economics Minister Juergen Moellenmann's office he said German exporters favour a 1.60 to 1.70 Mark range.

The news definitely took the market by surprise, said a trader.

The Dollar closed at 1.6105/15 Marks, up from the 1.5935/40 open and Monday's close of 1.5880/90 Marks.

"I went out to lunch at 1.5810 (Marks) and came to 1.6050. You could say I was surprised," said Lou Leone at Banque Paribas in New York.

Some dealers interpreted the minister's comments as catering to German exporters, who have been concerned over the Dollar's slide.

The story was overrated as an influence because the minister was speaking mainly for German exporters, said Michael Faust, an analyst at MMS International. Then timing of the remarks has more substance than what was said, he added.

The Dollar also closed higher against the Yen, ending at 130.05/15 Yen from 128.53/58 at the opening and 127.98/95 Yen at Monday's close.

The Dollar dropped soon after the opening bid and kept skidding until mid-session on news to a plunge in US Consumer Confidence. The confidence board research group reported that the Confidence Index fell to 50.6 in November from a revised 60.1 in October. The November reading is more than three points beneath the low of the 1982 recession.

Market consensus had pointed to confidence reading of 56 to 57, dealers said.



ZAGREB, Nov 27: Croats whistle and cheer as Yugoslav federal army troops leave the Marshal Tito barracks, the largest federal military installation in the Croatian capital on November 26. Croatia decided to introduce own currency within two weeks. — AFP/UNB photo

Croatia to introduce own currency in two weeks

BELGRADE, Nov 27: Croatia will introduce its own currency, the Croatian Dinar in about a fortnight, minister without portfolio Lado Veselica has said, reports AFP.

If Yugoslav inflation does not rise rapidly, the Croatian Dinar will probably have the same value as the Yugoslav Dinar, Veselica said in an interview with Croatian weekly Nedjeljna Dalmacija, received in Belgrade Tuesday.

Croatian Dinar has already been printed in Sweden, the Nedjeljna Dalmacija said.

The amount of currency exchanged between the Croatian and Yugoslav Dinars will be restricted to avoid abuse of the system and the Croatian Dinar will eventually be replaced by a

fully-fledged Croatian currency, the crown.

Croatia, which declared its independence in June, is also planning a law allowing a Croatian central bank to carry out an independent monetary policy.

Veselica said Croatia had opted to begin with a transitional currency to a void the new crown suffering the effects of inflation due to the current war, which he said had caused damage worth more than 16 billion Dollars.

It would take five to seven years to rebuild factories and hotels destroyed by shelling, not to mention roads, he said.

If the war does not end quickly we could be forced to move to a wage economy and war wages, he added.

Iraq's oil export capacity reaches 1.18 million BPD

BAGHDAD, Nov 27: Iraq's capacity of oil exports has reached 1.18 million barrels per day (BPD) after repairing its Gulf-war-damaged oil facilities, Oil Minister Usama Abdul Al-Hiti declared, reports Xinhua.

Iraq's maximum capacity of oil exports could top 1.59 million barrels per day if the UN sanctions imposed against it since August last year lifted, Baghdad radio today quoted the minister as saying.

Al-Hiti said Iraq will attend the ministerial meeting of the Organisation of Petroleum Exporting Countries (OPEC) in Vienna Tuesday to discuss OPEC's production ceiling set at 23.65 million barrels a day at its last meeting.

Iraq opposes any increase of the ceiling so as to keep the oil prices stable in the world market, he added.

He charged that Saudi Arabia is trying to pump as much oil as possible and that this would force down the prices of 21 US Dollars a barrel at present.

Riyadh is producing a 8 million a day to make up for the output loss due to the damage of Kuwaiti and Iraqi oil facilities during the Gulf crisis and the war.

The minister complained that the UN sanctions against Iraq were unjust and he urged the lift of them to guarantee Iraq's hard currency revenues to buy what it needs in the world market.

The United Nations in August adopted a resolution allowing Iraq to sell oil worth 1.6 billion US Dollars for half a year to purchase food and medicine.

NCCI's plea to extend date for payment of outstanding

Star Economic Report
A meeting of the executive committee of Narayananj Chamber of Commerce and Industry (NCCI) on Wednesday urged the government to extend the time for payment of outstanding loans and make necessary corrections in the terms of the payment.

The meeting viewed that the interest on industrial loans has been waived up to 75 per cent while the interest rate for commercial loan has been waived only up to 30 per cent.

It said the government circular did not mention the paid portion of the outstanding loan as the real loan.

The NCCI also urged the government to extend the date for submission of application for payment of the loans upto March, 1992 instead of December '91. It also demanded the extension of the time for payment of the outstanding loans upto 90 days instead of 45 days.

He added that negotiators were still "working toward" a nominal year-end deadline for wrapping up the GATT talks but did not elaborate.
Hopes for a breakthrough in the talks were boosted earlier in the month when US President George Bush and European Commission President Jacques Delors agreed they must come to a successful conclusion.
Negotiations seemed to have slowed since, as the US and EC tried to seek consensus to ease a variety of trade barriers.
An EC spokesman said on Monday that community leaders had done much to keep GATT alive and that it was "up to their partners to respond to the EC's round of goodwill."

GATT talks have not slowed: Macsharry

ROME, Nov 27: European Community (EC) Farm Commissioner Ray Macsharry said that the GATT talks have not slowed, reports Reuter.

But he indicated that Japan must do more to bring about a successful agreement in the five-year-old Uruguay Round of world trade negotiations.

"The momentum is very much there," Macsharry told Reuters in Rome, where he witnessed the EC's admission to the UN Food and Agriculture Organisation (FAO).

"We have narrowed the gaps in many areas but we still have problems. Because we're working hard on them and there isn't much public talk on them, that doesn't mean the momentum is lost," Macsharry said.

US confidence index fall to lowest level

NEW YORK, Nov 27: American consumers are entering the crucial Christmas shopping season with their confidence at its lowest level in more than a decade, according to a survey released on Tuesday which spells bad news for retailers, reports Reuter.

The Consumer Confidence Index compiled by the conference board, a business research group, fell to its lowest level since May 1980, dropping to 50.6 from 60.1 in October, when it was already described as recessionary.

The index is based on a 1985 average of 100.
A separate survey published by the University of Michigan said consumer sentiment fell to 69 this month from 78.3 in October, according to sources who have seen the private report. University officials were not available to comment.

The sharp decline in consumer confidence over the past two months cuts across all segments of the population—all age groups, all income brackets and all regions of the country," said Fabian Linden, Executive Director of the conference board's Consumer Research Centre. "This is the classical profile of a recession".
US share prices fell on Tuesday on the latest sign of economic weakness, while treasury bonds rallied on the assumption that weak confidence could lead to another cut in interest rates.
The dismal numbers do not augur well for retailers, some of whom who depend on the last five weeks of the year for half their annual sales or more.
Of those surveyed, only 4.8 per cent said jobs were plentiful, while 47.9 per cent said jobs were hard to get.

Gulf Arab states plan common market by '99

ABU DHABI, Nov 27: Gulf Arab states have drawn up plans to create a common market by 1999 but economists warn that the project could encounter several obstacles, reports AP.

Finance Ministers from the six-nation Gulf Cooperation Council (GCC) finalised a programme for such a market at talks in Kuwait on Monday, according to United Arab Emirates (UAE) Minister of State for Financial and Industrial Affairs Ahmad Al-Tajer.

"We have chalked out a time table to implement the remaining points in the joint economic agreement between 1992 and 1999", he told reporters after returning from

Kuwait late Monday.
"This will lead to the establishment of a common Gulf market by the end of 1999 after monetary and banking rules are unified".

The GCC states — Saudi Arabia, Bahrain, Oman, Kuwait, Qatar and the UAE— signed an economic accord a year after they set up their council in 1981 to facilitate trade, unify customs tariffs and currencies and close the gaps among their banking regulations.

But despite several meetings since then, GCC central bank governors have failed to agree on a single currency, banking rules remain widely varied and inter-GCC trade still accounts for less than seven

per cent of the group's total trade of nearly 90 billion Dollars year.

While some GCC states allow residents of other Gulf states to buy shares, some members still deny them access to their markets.

"How can you speak about a joint stock market when some members allow only their citizens to trade and others still do not have an official exchange?" asked UAE stock broker Mohammed Abu Qalbin.

UN needs reform not money: US

WASHINGTON, Nov 27: The United States, rejecting UN Secretary-General Javier Perez de Cuellar's call for a 10.7 per cent increase in the main United Nations' budget, said on Tuesday the world organisation needed reform not new money, reports Reuter.

"Rather than increased calls for more money, the UN Secretariat should focus on better utilisation of existing funds," the US State Department said in a statement.

"This would include review of ongoing programmes and activities so that resources could be freed up for new high priorities," it said.

It noted the Secretary-General's report on the UN financial situation illustrates the urgent need for more reform and said Washington hoped to work with Perez de Cuellar on this need.

"Adding more financial obligations to UN members states will not help the problem," the State Department said, adding, "clearly this is beyond the tolerance of member states."

The State Department also rejected a proposal to impose interest charges on countries

lagging behind in their UN assessments and was cool to a proposed one billion Dollar peace-keeping fund.

Perez de Cuellar advocated on Thursday a 10.7 per cent increase in the main UN budget and said the organisation

would run of money next month because so many countries had failed to pay what they owed.

Saying UN finances were being stretched by new responsibilities, he argued that real growth in his budget proposals, excluding inflation and some expenditures, was slightly less than one per cent.

The United States, which contributes a quarter of the UN budget and is heavily in arrears, has its own serious budget problems which loom even larger as the 1992 election campaign approaches.

The new two-year UN budget for 1992-93 estimates regular expenditures at 2.3 billion Dollars and another three billion Dollars for peace-keeping and other specialised functions.

Without mentioning the United States by name Perez de Cuellar said the main UN budget was 528.5 million Dollars in arrears. Of this amount the United States owed 65 per cent or 344.5 million Dollars, according to UN documents.

Washington also owes about 100 million Dollars for peace-keeping operations.

Pakistan, Iraq, Libya buy white sugar

LONDON, Nov 27: Iraq is reported to have bought via Jordan as much as 40,000 tons of white sugar for December-January shipment, traders said here Tuesday, reports AFP.

Libya bought three cargoes (10,000 to 12,000 tons each) of white sugar for December-January shipment, at 318 Dollars per ton (cost and freight), they added.

Pakistan bought some Far-Eastern white sugar for December shipment at 308 Dollars per ton (cost and freight), but the quantity remains unknown.

There are rumours that Venezuela, which has not bought anything for some time, could buy one cargo.

Pak Govt to amend fiscal laws

ISLAMABAD, Nov 27: Pakistan's government has decided to amend its fiscal laws following a top Islamic court declaration that banking and insurance rules violated a Muslim ban on interest, officials said yesterday, reports APF.

The decision follows demands from religious circles against any move to get the judgement reversed through an appeal.

The Federal Shariah Court (FSC) in a November 14 verdict on 119 petitions ruled that 22 laws relating to banking, insurance and financial institutions' credit policy were repugnant to Islamic teachings.

It gave the government until June 30, 1992, when the fiscal year ends, to bring the laws in conformity with teachings of the Muslim holy book the Quran and the Prophet Mohammed (SM) falling which

the laws would become invalid. The judgement embarrassed the government, which under a Shariah Act, adopted by the parliament in July had pledged a gradual Islamisation of laws in the field of economy, education and information.

Under the Islamic Act the government obtained protection of its financial obligations and contracts with foreign governments or agencies until an alternative system was introduced.

The one-year-old government of Prime Minister Nawaz Sharif subsequently set up a commission to suggest suitable changes in the tax and economic laws, but no time limit was fixed for its recommendations.

Finance Minister Sartaj Aziz hurried to announce that the government may use its right to appeal with the Supreme Court against the FSC order.

He said it might seek the highest judicial forum's opinion over how to fulfil the injunctions of Islam and at the same time meet the requirements of a modern economy.

But observers said his statement annoyed the country's religious leaders, who questioned the government's sincerity in implementing the Shariah laws.

Officials said Aziz presided over a high-level meeting here Monday and asked the Law Ministry to prepare suitable amendments in 11 laws falling under the purview of the federal government.

Apparently heeding the Shariah Court order, he directed the Law Ministry to have amendments finalised as early as possible so that they could be introduced and adopted by parliament before the start of the new fiscal year on July 1, 1992.

\$500m US defence money for Soviets

WASHINGTON, Nov 27: US Congressional negotiators approved on Tuesday using up to 500 million Dollars of US defence money to help head off possible Soviet food riots and to "destroy Soviet nuclear weapons, reports Reuter.

President George Bush had not yet taken a position on it. The negotiators approved authority for Bush to use up to 100 million Dollars to have US military planes fly emergency food and medicine to Soviet republics and up to 400 million Dollars to help destroy half of Moscow's nuclear weapons.

The Senate approved up to 200 million Dollars on Friday for delivering emergency winter aid and 500 million Dollars for destroying nuclear weapons but house negotiators said the defence department could afford no more than 500 million Dollars total.

The negotiators approved the Soviet aid in an eight billion dollar supplemental appropriation bill. Bush had threatened to veto several provisions in the bill but they were trying to work out compromises Bush would accept.

Approval of the Soviet aid in the supplemental bill would clear the way for Congress's final approval this week of part of a one billion Dollar aid and dropped two weeks ago.

That plan was dropped from a 291 billion Dollar defence bill because of Congressional protests that poor and unemployed Americans should get aid before Soviet republics.

But influential Senators said on Monday the aid is in fact a defence programme because social chaos could topple Soviet President Mikhail Gorbachev this winter and cold war tensions renew if food and medicine shortages are severe.

Senate Armed Services Committee Chairman Sam Nunn said the proposed new aid would help Soviet experts carry out Gorbachev's plan to destroy about 15,000 of his estimated 30,000

ministers seemed ready to keep oil output steady into early next year, with any extra supplied by recovering Kuwaiti production, delegate sources at the group's semi-annual conference said on Tuesday, reports Reuter.

Ministers attending the Organisation of Petroleum Exporting Countries (OPEC) meeting agreed demand for their crude would equal or exceed their pumping capacity in the first quarter of 1992.

A Reuter industry survey showed OPEC was pumping around 23.7 million barrels per day (BPD) in October, just above the 23.65 million BPD fourth-quarter ceiling the group agreed at its last meeting in September.

Practically all members except powerful Saudi Arabia, the world's biggest oil exporter, had their pumps wide open to help take up the slack left by bottled-up Iraqi exports and diminished supplies from Kuwait's ravaged oilfields.

OPEC's own economists expect demand to rise to some 24.4 million BPD in the new year's first quarter. Saudi Arabia forecasts demand as high as 25.2 million.

Saudi Oil Minister Hisham Nazer has stressed OPEC's need to over such high demand so that shortages do not lead to price rises.

"We see problems of production in many areas. We don't want to create a shortage. We should create a balance," he said.

Gulf Arab delegates said Saudi Arabia, which accounts for more than one-third of the group's output, would probably not try to force OPEC to raise its production ceiling as the new year starts, despite Nazer's warnings.

"Saudi Arabia will not necessarily go beyond 8.5 (million BPD). This will be determined during the OPEC meeting, but most likely (Saudi will) not (press for higher output)", one said.

"The trend is for a rollover," said another OPEC delegate source. But he added there may be a small increase to account for the incremental rise in oil production from Kuwait as it coaxes its torched oilfields back to life.

US unemployment benefits to rise

WASHINGTON, Nov 27: The Senate on Tuesday voted approval of a bill expanding unemployment benefits beyond the improvements enacted just two weeks ago, reports AP.

The measure, a response to lawmakers' complaints that the earlier legislation short changed some states, gives extra weeks of benefits to people in 23 states and adds about 200,000 jobsless Americans to the new coverage.

It also liberalises trade with several nations in South America and East Europe.

The Senate sent the bill to the House on a voice vote. The House was ready to approve the measure and ship it to President Bush for his expected signature.

"It assures jobsless Americans in all 50 states they will have more time to find work and fewer worries about how they will pay the mortgage," said Sen. Lloyd Bentsen.

Bush fought Democratic efforts since the summer to expand benefits for the 300,000 people per month who have used up the regular 26 weeks of unemployment coverage during the recession.

But the President, under attack as the economy continued to falter, relented after Democrats agreed to minor tax changes to pay for the changes. He signed a 5.3 billion package helping 2.8 million Americans on November 15.

The new bill sweetens the earlier one by giving all eligible people who have used up the regular 26 weeks of coverage at least 13 extra weeks, instead of the six extra weeks people in 23 states would have gotten.

And it lets people in all states qualify for the extra coverage if they used up their regular benefits anytime after last March 1. Under the old bill, people in 18 states qualified only if they used up the regular coverage since November 17. The Labour Department says this makes 200,000 more people eligible for coverage.

The measure has been stalled since last week. The final obstacle was cleared when the Senate dropped its opposition to a provision easing import duties for Bolivia, Peru, Ecuador and Colombia to encourage their anti-drug crackdowns.

The legislation also eases trade with Hungary, Czechoslovakia, and the newly independent Baltic states of Lithuania, Latvia and Estonia. And it authorises trade and aid sanctions against nations using or exporting chemical and biological weapons.

OPEC seems ready to keep output steady

VIENNA, Nov 27: OPEC oil ministers seemed ready to keep oil output steady into early next year, with any extra supplied by recovering Kuwaiti production, delegate sources at the group's semi-annual conference said on Tuesday, reports Reuter.

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A seminar on investment in Bangladesh organised by Bangladesh High Commission in Singapore and Singapore Manufacturers' Association was held recently in Singapore. Industries Minister Shamsul Islam Khan led the Bangladesh delegation in the seminar.