

Pak banks challenge Sharia stance on interest

KARACHI (Pakistan), Jan 21: Pakistani banks have gone to the country's highest court to challenge an Islamic court verdict against interest which they say can cause chaos if implemented, reports Reuter.

At least four banks and some other financial institutions have filed appeals before the Supreme Court against the Federal Sharia Court (FSC) ruling, legal sources said.

The government had earlier stepped back from appealing in the face of pressure from religious parties and recalled a near-dormant commission on economic Islamisation to seek compromises.

One of the appellants is the state-owned National Bank of Pakistan (NBP) which must normally act in important matters under government advice.

A number of other organisations are also planning appeals to have the FSC ruling set aside, NBP lawyer Khalid

Ishaque said. In November the FSC rejected 32 federal and provincial laws for containing provisions of riba or interest outlawed by Islam, and gave the government until June to replace them.

A supreme court official said all appeals would be processed before being admitted for hearing for which no date was set.

Bankers said one law rejected by the FSC supplied the framework for mark-up, an Islamic alternative to interest payments by borrowers which has proved compatible with western banking. The said the ruling, if implemented, could cause chaos by undermining both investment banking and government borrowing through instruments like treasury bills and bonds.

With both bankers and the government loath to antagonise the influential Muslim

clergy, there has been no public clarification of the implications of the FSC verdict.

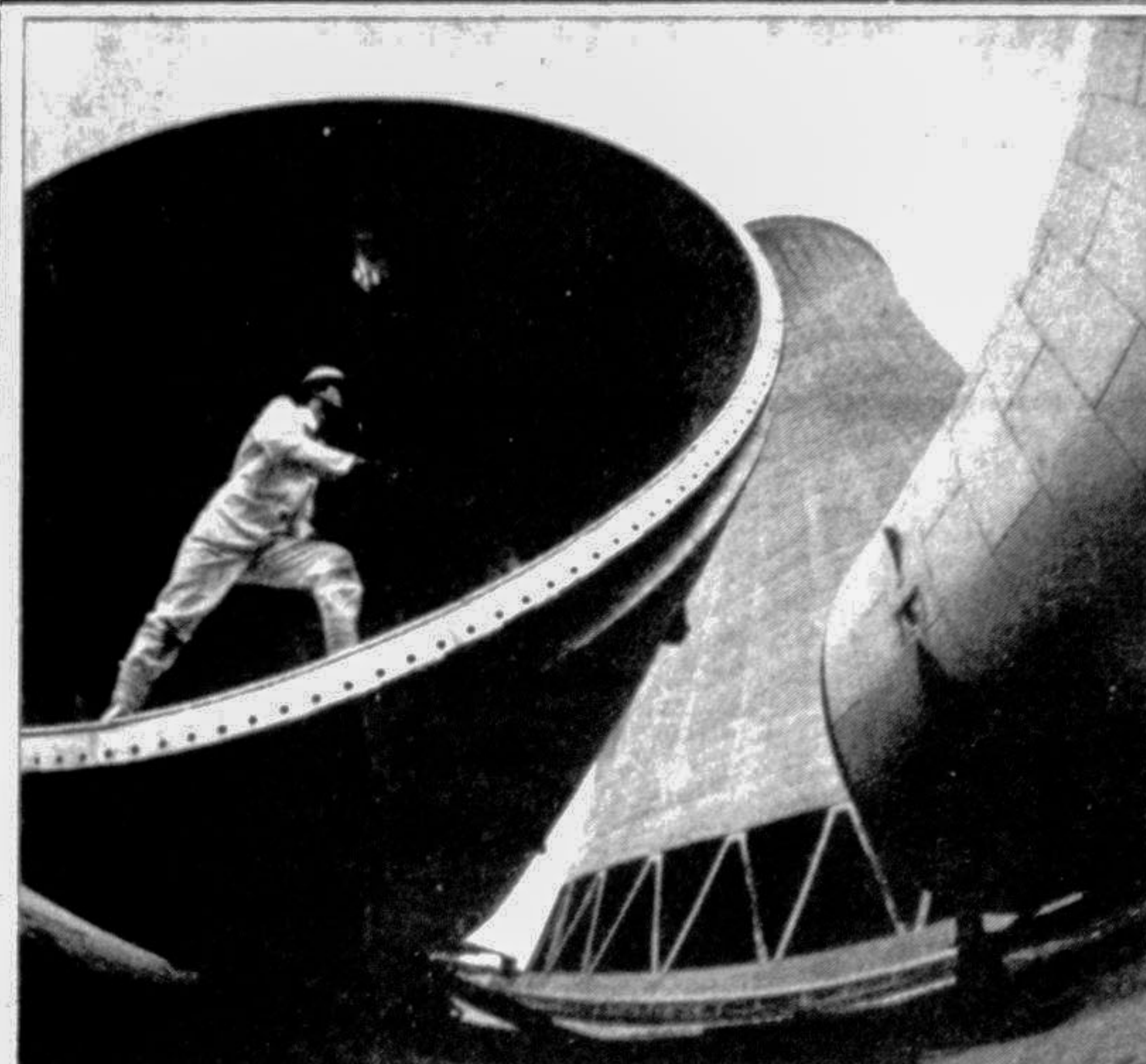
The NBP appeal said a modern bank was not like pre-Islamic Arab lenders and each of its services had some value.

"Administrative fee or service charges could not be simply dumped as interest," Ishaque said.

The crucial ruling was against mark-up. The FSC said it was still to close to riba or interest, which orthodox Muslims equate with usury outlawed in Islam.

Under mark-up theory, introduced when Pakistan pioneered Islamic banking in the mid-1980s, the bank purchases whatever the lender requires. The lender then gradually buys the goods from the bank paying mark-up charges for administration.

A Law Ministry spokesman said the government was planning to bring in alternative legislation.



POWER WITHOUT POLLUTION: Underway at Britain's largest and most modern coal-fired power station is the construction of a multi-million pound flue-gas desulphurisation (FGD) plant to deal with waste emissions. When completed it will be the largest in the world. The FGD plant is due to start becoming operational in 1993, and by the time it is completed in 1996, should be removing about 90 per cent of sulphur dioxide emissions from the gas stream at Drax.

Iran building 21 more airports

TEHRAN, Jan 21: Iran is building 21 new airports including an international facility destined to become "one of the most modern in the world," Civil Aviation Director Ali Mohammad Nurian has said, reports AP.

He said the new "Imam Khomeini International Airport" named after the late spiritual guide Ayatollah Ruhollah Khomeini, would replace Tehran's Mehrabad Airport within a few years.

"It will be one of the most modern airports in the world as far as technology is concerned," Nurian was quoted as saying in today's newspapers.

The airport south of Tehran will handle 12 million passengers per year when the first phase of construction is completed and up to 30 million annually when the second part of the work is done.

Nurian did not say where the other airports would be located but he indicated that the Abadan Airport in southern Iran would be upgraded to take international air traffic.

He also indicated that the private sector "will have an important role to play" in the construction of the new airports.

Iran has 42 airports, six of which are international.

India may miss jute export target

CALCUTTA, Jan 21: The jute industry which had performed well in increasing its exports to General Currency Areas (GCA) may still miss its export target set for the year, reports PTI.

According to industry sources, the impending indefinite strike in the industry from January 28 on the one hand, and the lesser exports to rupee payment areas on the other had already hit exports.

Currency Areas (GCA) stood at Rs 143.9 crore as against a target of Rs 160 crore for the entire 1991-92 while exports to rupee payment areas like the former Soviet Union were only Rs 80 crore against a target of Rs 220 crore.

They said that the EEC was one of the main areas where the Indian jute industry was able to make rapid inroads this year. The export of Hessian registered, a little over 100 per cent growth in value and volume.

Iran, Algeria cut oil output too

NICOSIA, Jan 21: Iran and Algeria on Monday joined three fellow OPEC states in announcing symbolic oil output cuts to help prop up sagging prices but the cartel's big exporters remained silent, reports Reuter.

The big exporters such as Saudi Arabia and the United Arab Emirates have so far shown no sign of following suit and western and Gulf Arab oil industry sources said they were unlikely to take any action soon.

Whatever happens, it is unlikely that Saudi Arabia and the UAE will join the voluntary cutback bandwagon before the scheduled OPEC meeting on February 12, the authoritative Middle East Economic Survey (MEES) said on Monday.

Saudi Arabia and the UAE both have boosted their production by around 60 per cent since Iraq's August 1990 invasion of Kuwait which deprived the market of more than four million barrels per day (BPD)

in Iraq and Kuwait oil. Saudi Arabia will not doubt make its own readiness to reduce output conditional upon the credibility of any agreement for proportional cutbacks by all fully operational member states," MEES said.

Kuwait's production is rising steadily as the Emirate rehabilitates oil facilities damaged during the Gulf War. Iraq is still locked in complex negotiations with the United Nations Security Council terms allowing Baghdad to export limited quantities of crude to raise money to feed its people and pay Gulf War reparations.

Algeria said the reduction of 20,000 BPD — a cut of only 2.5 per cent of its 800,000 BPD total output — would take immediate effect.

Iran said it would curb its output on Wednesday by a mere 1.5 per cent or 50,000 BPD from its production, which in December averaged around 3.35 million BPD.

NEC launches fastest supercomputer

TOKYO, Jan 21: NEC Corp. on Tuesday introduced a new supercomputer that it says is the world's fastest, reports AP.

The new SX-3 44R has a sequential computation speed of 25.6 gigaflops, or 25.6 billion calculations a second, the company said. That exceeds the peak speed of 24 gigaflops of the top model of the leading US maker, Cray Research Inc, it added.

A Cary spokesman conceded that the new NEC series has a higher peak speed but said a more significant indicator was parallel computation speed, in which he said Cary's top model is five times faster than NEC's.

NEC's superspeed model is part of the SX-3R series, going on sale in September to replace its current top-of-the-line SX-3 series, the company said.

NEC officials had no immediate list prices for the 10 models of the SX-3R series, but said they would be rented to Japanese customers at prices ranging from 26 million to 100 million yen (210,000 to 810,000 dollar month).

Tadashi Watanabe, NEC's head of supercomputer sales, said the company hoped to sell 50 computers from the new series in Japan and 30 abroad.

Kohl proposes Frankfurt's candidacy for Euro-Bank

FRANKFURT, Jan 21: Chancellor Helmut Kohl, speaking before officials of the German Stock Exchange Monday night, said Frankfurt was the best choice to headquarter the future European Central Bank, reports AP.

Kohl has supported Frankfurt as the central bank site since the institution was agreed on by European leaders at their December summit in Maastricht. But his comments Monday were the strongest yet to try to sway opinion in the European Community.

"Frankfurt has things to offer here that no other place has," Kohl said, according to a copy of his speech released early.

The EC's central bank is expected to be modeled largely after Germany's Bundesbank, or central bank. A decision on where to locate the EC bank — which Amsterdam and Luxembourg would also like to host — must come by the end of 1992.

Kohl, in his speech, outlined a framework of planned legislation that would make Germany more attractive to international investment, and he predicted that Frankfurt could someday rival the financial capitals of New York, Tokyo, London and Paris.

Tokyo stocks slide further

TOKYO, Jan 21: The Tokyo Stock Exchange's key index, now at 15-month lows, fell for the fourth consecutive day Tuesday, while the dollar weakened further against the Japanese yen, reports AP.

The 225-issue Nikkei Stock Average closed at 20,858.30, down 55.52 points, or 0.27 per cent. On Monday, it fell 407.55 points, or 1.91 per cent, closing below 21,000 points for the first time since October 1990.

The Tokyo Stock Price Index of all issues listed on the first section lost 5.48 points, or 0.35 per cent, closing at 1,569.43. It fell 25.35 points, or 1.59 per cent, on Monday.

Volume remained thin, with an estimated 230 million shares changing hands on the first section, up slightly from 221.8 million Monday.

Declining issues outnumbered gainers 607 to 358, while 178 issues remained unchanged.

Profit-taking brought the Nikkei average down after early gains.

The gains showed "there is some desire to buy," said Christian Howes of Smith Newcourt. "Traders are not as concerned about where the bottom of the market is so long as it doesn't stay there."

Buying was encouraged by reports that executives of the "Big four" securities houses were meeting Tuesday morning to discuss ways to revive the deteriorating stock market. But a lack of signs of effective measures emerging added to the afternoon weakness.

The dollar closed at 123.34 yen, down 0.61 yen from Monday's close. The dollar now has fallen a total of 5.09 yen in three trading days.

After opening at 123.55, it

ranged between 123.08 yen and 123.65 yen.

Spot trading totaled 7,991 billion dollar against Monday's 12,870 billion dollar.

Currency dealers said the yen's rise, which followed market intervention by the US Federal Reserve Board last Friday, was slowing ahead of this weekend's meeting of monetary officials from the Group of Seven industrialized nations.

The money chiefs "are strictly committed to a gradual strengthening of the yen," said Masayuki Yamamoto, a trader at the Bank of America. "They want action that agrees with the market's inclination, not a sudden plunge in the dollar."

They continued to strengthen Tuesday morning on remarks by Finance Minister Tsutomu Hata that a further gradual strengthening of the yen is desirable.

Other dealers said the dollar was unlikely to go sharply lower since there are expectations abroad that the US currency could appreciate against the German mark.

"Nobody wants to sell the dollar that aggressively," said Minoru Takeuchi of Chemical Bank. "But sentiment here is still weak. The market wasn't very exciting."



MOSCOW: Lenin look-alikes pushing shopping carts appearing on a satirical TV programme featuring impersonators of various historical figures on Sunday. — AFP photo

Only \$30b can ensure education, health in Third World

MANILA, Jan 21: The Third World needs only 20 billion dollar to guarantee everyone in developing countries access to education and health services, a UN official said Monday, reports Reuter.

The money could come from the "peace dividend" rich countries will reap from the end of the cold war. United Nations Development Programme (UNDP) administrator William Draper said in a speech to a meeting of development experts from 30 Asian nations.

"It could be as big as two trillion dollar if there is just a two per cent cut over the next 20 years" in defence budgets in the West, he said.

"A good portion of that could be spent on aid to the developing world. It only takes, we think, 20-30 billion dollar at first to fund regional education and health care for all people in developing countries," Draper said.

Generous assistance to poor countries could head off conflict and unrest in the area.

"We don't want the East-West conflict to be replaced by a South-North conflict," Draper said.

It would be "a good investment for the industrial countries to transfer some of that 'peace dividend' to developing nations he added.

Conference experts are trying to come up with a five-year plan to reduce poverty in the region as rising levels of migration from the country-side result in rapid growth of shanty towns in Asian cities.

Up to 800 million people, roughly 75 per cent of the world's poor, live in poverty in the Asia-Pacific region.

Officials said the UNDP would use up to 500 million dollar at first to fund regional programmes to spur development projects in the continent.

Free prices push down Yeltsin's popularity

MOSCOW, Jan 21: Boris Yeltsin's approval rating has fallen in Russia's two biggest cities since he lifted price controls, and other former Soviet republics have introduced new measures to prevent unrest by softening economic reforms, reports AP.

In Uzbekistan, students said Monday they would launch an investigation into what they said were the deaths last week of 21 people protesting the high prices introduced earlier this month, the interfax news agency said.

Uzbek officials have reported "several" deaths without giving a figure, although officials have confirmed only two fatalities.

It was the worst violence yet in connection with the price increase.

At least two republics — Azerbaijan and Turkmenistan — have decided to roll back increases on some items to avoid unrest, news reports said.

In Tajikistan, President Rakhman Nabiyev ordered prices lowered for students and pensioners, apparently trying to prevent violence, Russian media reported.

Belarus, however, pushed ahead Monday with a second round of price increases that doubled or tripled the price on dairy products and bread. It already had followed Russia's lead and raised prices on most other foodstuffs on Jan 3.

The price increases have sparked strike threats and protests across Russia, the largest of the former Soviet republics.

In the Eastern Russian city of Vladivostok, about 200 demonstrators marched Monday to protest three weeks of soaring costs and empty shelves, according to the news agency.

Despite the protests, visiting British Foreign Secretary Douglas Hurd said Yeltsin and

other Russian leaders were determined to continue the market economic reforms — including the lifting of price controls on most goods — that they launched on Jan 2.

Meanwhile, German Foreign Minister Hans-Dietrich Genscher met in Bonn on Monday with his French counterpart, Roland Dumas, and discussed ways to coordinate Western aid to the new Commonwealth of Independent States, a German Foreign Ministry spokesman said.

The meeting was held in advance of the 47-nation conference on Soviet humanitarian aid in Washington, which is being convened by President Bush on Wednesday and Thursday.

Germany and other Western countries are increasingly tying increased international aid to the former Soviet states' commitment to strict controls over the former superpower's nuclear arsenal.

Any increase in aid would be welcomed by Yeltsin. His support has been falling in Moscow and St Petersburg, according to separate opinion polls conducted in the last week and released on Monday.

Only 22 per cent of respondents in St Petersburg continue to support Yeltsin's government, according to Leonid Kesselman, director of the city's respected Center for Sociological Research during a news conference there.

Kesselman said the telephone poll of 2,500 people was conducted Jan 13-17 in the city of five million. He did not give a margin of error.

A poll of 1,000 Muscovites found similar trends among the city's nine million residents, although Yeltsin still enjoyed the support of the majority, according to the Moscow-based Independent Institute of Sociology, whose survey was reported by the daily newspaper Izvestia.

American laziness behind trade gap with Japan!

TOKYO, Jan 21: Lazy American workers are responsible for the huge trade imbalance between Japan and the United States, the Speaker of the lower house of the Japanese parliament was quoted Monday as saying, reports AP.

The American labour force does not work enough, they want to receive high salaries without working fully, the mass circulation Yomiuri Shimbun quoted house Speaker Yoshio Sakurachi as saying at a New Year's party Sunday.

Sakurachi, a former Foreign Minister, also said that American managers were unable to issue written orders because about 30 per cent of the population was illiterate. For this reason, there are a lot of poor quality products, he reportedly said.

Chief Cabinet Secretary Koichi Kato, the Japanese gov-

ernment's official spokesman told a news conference Monday, that it was inappropriate to comment about another country's workforce.

AP adds: Comments by the Japanese politician that his nation's trade imbalance with the United States is caused by laziness among American workers are inflammatory and untrue, experts said Monday.

Japanese newspapers also quoted Sakurachi, 79, as describing the United States as "Japan's subcontractor" and saying, "If America doesn't watch out, it is going to be judged as finished by the world."

A Sakurachi aide confirmed the general content of the reports. But he denied portions that quoted Sakurachi as saying managers in the United States cannot give written orders because one-third of American workers are illiterate.

The comments are at odds with the experiences of many Japanese companies with US plants.

"The man is full of baloney. That's a gross exaggeration of what goes on in America," said Ronald Shaw, president of Pilot Pen Corp. of America, a US subsidiary of a Japanese company that makes pens in Trumbull, Conn.

"To say we are a society of fat and lazy people, I can't subscribe to that," Shaw said. Japan's Honda says the workers at its US factories match the best in the world. It also says the quality of the cars the American workers turn out equals that of Japanese-made Hondas.

"If we weren't competing on productivity we wouldn't be able to compete on price," said Roger Lambert, spokesman for Honda of America Manufacturing Inc. in Marysville, Ohio.

Japanese, like Americans, generally work a 40-hour week, but with overtime Japanese commonly stay at their jobs 44 or 45 hours a week.

Japan's "salarymen" are famous for working even longer hours, arriving early and not leaving until early evening or later. Stories of them turning down half their annual vacation have become part of the folklore of the differences between Americans and Japanese.

But whether that hyper work ethic translates into higher productivity is open to debate, experts say. Studies continue to place American workers at the top of the list in productivity worldwide.

"People who worry about it say the rate of (US productivity) growth has slowed down on a year-by-year basis, so others are catching up," said Claude Barfield, a trade expert

at the American Enterprise Institute, a Washington-based research organization.

But, Barfield said, "There's no evidence our problems are caused by labor being lazy."

In contrast to US workers, those in Europe often work fewer hours per week and receive far more vacation and many more holidays, experts say.

Jeffrey Arpan, professor of international business at the University of South Carolina, said the difference between Japan and the United States lies less with their workers than their societies.

"The Japanese are more future oriented, much more willing to sacrifice today for tomorrow," he said, while the United States and its industrial managers are less willing to plan for the long term.

Sakurachi's comments stemmed from President Bush's recent trade trip to

Japan. Barfield said it was foolish for Bush to believe he could force the Japanese to buy more American cars when Japanese consumers believe Japanese cars are better — a view shared by many American consumers.

Barfield said he believes Sakurachi's comments are "one unfortunate consequence of the president's disastrous trip. You bred a lot of resentment over there."

Bush and some of the US industrialists who accompanied him largely blamed Japan for the trade imbalance, one of the most emotion-charged issues between the two countries. They argued that Japan's unwillingness to buy more American goods was hurting the US economy and causing joblessness here.

"The Japanese feel that was both unwarranted and unjustified, and I think they are right," Arpan said.

Business briefs

Thai Air to buy 16 big aircraft: The board of directors at Thai Airways International has approved a long-term plan to buy 16 long-haul aircraft worth 40 billion baht (1.6 billion US dollar), according to the Nation Tuesday, reports Xinhua from Bangkok.

The paper quoted Gen Suthep Teeparak, Deputy Transport and Communications Minister, as saying that the purchase plan for 1992-2000 will cover six Airbus A330s, four Boeing 747-400s and six Boeing 777s.

Safety tests using animals protested: Six animal rights activists were arrested in an auto show after three chained themselves to a General Motors car and three others smashed another GM car to protest safety tests using animals, reports AP from Baltimore.

"Lay off the animals, not workers," about two dozen protesters chanted outside the Baltimore Auto Show on Sunday as others, dressed in animal suits, smashed a car donated by one of the demonstrators.

The auto industry has increasingly relied on dummies for crash tests.

Ivory trade may be allowed: One of the world's leading opponents of the ivory trade, Kenyan Wildlife Director Richard Leakey, says he is willing to allow limited trade in elephant products if the ban on ivory sales continues for three years, reports Reuter from Harare.

Leakey said at a meeting with wildlife experts in Zimbabwe last weekend he was prepared to vote for the limited sale of animal products, primarily hides, when the next sites meeting is held in Japan in March.

Iraq seeks \$70m for milk plant: Iraq has launched a national and international appeal for 70 million dollar to rebuild a powdered milk factory it said had been destroyed in allied air raids a year ago during the Gulf War, reports AFP from Baghdad.

The newspaper Ath-Thawra, published by the ruling Baath Party, quoted Industry Minister Amer Hammudi al-Saadi as saying the government had ordered the formation of a special committee to oversee the effort.

Meet on LNG in May: About 2,000 delegates from countries producing and consuming Liquefied Natural Gas (LNG) will meet here in May when Malaysia hosts the 10th LNG international conference officials said Monday, reports AFP from Kuala Lumpur.

The choice of Kuala Lumpur reflects the emergence of the Far East as the most attractive area in LNG future trade, said Ali Yasin, Vice-President of the manufacturing division of Malaysia's national oil corporation, Petronas.