

Iran, Turkey, Pakistan to hold summit on economy

NICOSIA, Jan 22: The presidents of Iran, Turkey and Pakistan will hold a summit in Tehran next month on their flagging economic pact, Tehran radio reported on Tuesday, reports Reuter.

Azerbaijan and Turkmenistan are set to join the Economic Cooperation Organisation (ECO) at the summit, giving a boost to the seven-year old grouping, it added.

The radio said the summit, originally planned for late last year, would be held in mid-February but gave no exact date.

Iranian President Akbar Hashemi Rafsanjani, chairing a preparatory meeting of officials from the three member countries in Tehran on Monday, backed the two former Soviet republics' membership bid, the Iranian news agency Irna said.

Tehran and Ankara are vying for influence in the six Muslim-dominated former Soviet republics.

ECO, a copy of the regional cooperation for development pact which grouped the three countries until Iran's 1979 Islamic revolution, is not Islamic in character but Tehran says it could be the nucleus of an Islamic common market.

ECO aims to promote economic activities through joint investments, reducing trade tariffs and other initiatives.

UAE to cut 50000 BPD

ABU DHABI, Jan 22: The United Arab Emirates announced Wednesday it would cut production by 50,000 barrels a day to help the Organisation of Petroleum Exporting Countries bolster prices, reports AP.

The official news agency WAM quoted Oil Minister Yousef Omer bin Yousef as saying the cut would take effect immediately. The UAE's current output is estimated at 2.4 million barrels per day.

OPEC daily production, unbridled by quotas since the Iraqi invasion of Kuwait eliminated Iraqi and Kuwait exports of 4 million barrels per day, is estimated at 24.2 million barrels per day.

Yousef said the UAE wants to participate in OPEC's efforts to "bolster and stabilise prices in the world oil markets."

The UAE thus joined the ranks of other cartel members, including the dominant OPEC power Saudi Arabia, who have recently announced they will lower production in an effort to reverse the recent sharp drop in oil prices.

However, the cuts, which were started by Venezuela on Jan 10, have been modest, totalling only about 250,000 barrels a day.

OPEC ministers are due to meet in Geneva on Feb 12 to discuss further action to stabilise the markets, including a production level for the second quarter of 1992.

A UAE official said on Monday that the cartel may need to lower output by at least 5 per cent overall to take account of lower demand in the second quarter.

Dollar keeps falling in Tokyo

TOKYO, Jan 22: The dollar continued to fall in Tokyo Tuesday to close at 123.34 yen, down 0.61 yen from Monday's finish of 123.95 yen, reports AP.

Market participants were expecting further appreciation of the yen, but the sluggish stock market limited the Japanese currency's advance, dealers said.

After opening at 123.55 yen, the dollar moved between 123.08 yen and 123.65 yen, against Monday's range of 122.95 yen to 123.97 yen.

Its central rate stood at 123.30 yen, down from Monday's 123.70 yen.

Spot turnover totalled 7.891 billion dollar against 12.87 billion dollar traded Monday.

Biggest-ever fund scandal may eclipse Miyazawa's fate Japanese transport giant gave 100b yen to 200 MPs for help?

TOKYO, Jan 22: A new Japanese political scandal, possibly the biggest ever in terms of money and number of people involved, is likely to rock Japan, dealing a serious blow to Prime Minister Kiichi Miyazawa, press reports say, according to AFP.

The latest edition of the weekly Asahi journal said some 100 billion yen (813 million dollars) in dubious funds were believed to have been funnelled to more than 200 ruling and opposition party legislators by a transport company.

The sum included 10 billion yen (81.3 million dollars) to the top leaders of three major factions in the ruling Liberal Democratic Party, said the weekly published by the nationally-circulated Asahi Shimbun newspaper.

Authorities were reported to be planning a probe into the

shady connections between politicians and the Sagawa Kyubin Group, whose business started to expand rapidly some 15 years ago.

The weekly quoted industry sources as saying that the transport giant needed help from politicians to absorb other transport firms.

Hiroyasu Watanabe, former President of Tokyo Sagawa Kyubin Co. Ltd, the main company in the group, reportedly helped Noboru Takeshita to become Prime Minister in 1987 in exchange for such assistance.

The Asahi journal also said that ruling and opposition party lawmakers often visited the company's Chairman Kiyoshi Sagawa to seek financial help. He reportedly had close connections with former Prime Minister Kakuei Tanaka who was arrested in 1976 for

his alleged role in the Lockheed payoff scandal.

Tokyo Sagawa has since sued its former president and other executives for providing unauthorized loan guarantees of some 490 billion yen (four billion dollars) to 40 companies and an unidentified individual.

Companies affiliated with the Inagawa-Kai crime syndicate have meanwhile reportedly received at least 105.8 billion yen (860 million dollars) in loans from the former management of Tokyo Sagawa.

Susumu Ishii, the late leader of the underworld group, has already been named in parliament for using questionable loans from leading securities firms to speculate in a railway company's stock and golf resort developments.

Analysts said that the Sagawa Kyubin case could develop into a huge scandal, deal-

ing another serious blow to Miyazawa who has failed to clear an allegation that he made a huge instant profit through trading in unlisted stocks in 1986.

Stocks of Recruit Cosmos Co offered to Miyazawa at low prices by its parent firm, Recruit Co, a Tokyo-based employment information giant, rose sharply immediately after they were listed in late 1986.

The subsequent scandal led to his resignation as Finance Minister in 1988 and the downfall of the entire Takeshita government in 1989.

Fumio Abe, a former cabinet minister and close aide of Miyazawa, was arrested last week for allegedly taking 80 million yen (650,000 dollars) in bribes from Kyowa Co. Ltd, a steel frame maker in Tokyo.

US may offer more aid to CIS

WASHINGTON, Jan 22: Weighing a modest boost in US aid, President Bush is trying to convince nations rich and poor that they share a stake in helping the disintegrated Soviet Union overcome wrenching economic and political convulsions, reports AP.

Bush was the opening speaker Wednesday at a conference of 47 nations exploring strategies for speeding food, medicine and other assistance to the former Soviet republics.

"It's important that we send them a message of hope," Secretary of State James A. Baker III said on the eve of the two-day, foreign minister-level conference at the State Department.

Bush was considering another boost in US assistance but within limits imposed by problems at home, a senior administration official said. The United States has pledged 4.1 billion dollars mostly in credits for farm purchases. It was unclear when Bush might announce further assistance, but the official said it was being considered.

Bush's message was that turmoil and uncertainty plaguing the former republics are global problems requiring a response from the nations of Asia, the Middle East and Latin America, as well as from the United States and Europe, officials said.

Bush faces pressures from opposing sides.

On the one hand, many recession-weary Americans — 35 per cent, according to a Gallup poll last month — say they feel the United States is giving too much to the ex-Soviets.

On the other hand, some critics say the nation that leads the free world must do more.

Tensions already have surfaced among Western allies.

French President Francois Mitterrand criticised the meeting as "a bit superfluous."

Germany has pressed the United States to boost its contributions. Berlin also wants

the United States to address the threat of anarchy or fascism if food and medical supplies fall short.

Japan

AFP adds: Large-scale Japanese aid to Russia is conditional on a resolution of the dispute over four islands off northern Japan which Tokyo claims, a Japanese official said here Tuesday.

The question of the four Kuril Islands which the Soviet Union occupied after Japan's defeat in World War Two formed part of the talks held Tuesday between Japanese Foreign Minister Michio

Watanabe and US Secretary of State James Baker.

Baker told Watanabe that the United States will maintain its policy line on the northern territories supporting the Japanese position, Japanese Ministry of Foreign Affairs International Press Division Director Seiji Morimoto said.

Morimoto told a news briefing after the meeting that the Japanese position was that as long as the territories issue is not solved, we are not in a position to offer large-scale co-operation to the Russian republic.

Another AP copy adds: The following nations are participating in the two-day conference.

Argentina, Australia, Austria, Bahrain, Belgium, Brazil, Brunel, Bulgaria, Canada, Czechoslovakia, Denmark, Finland, France, Germany, Greece, Holy See (the Vatican), Hungary, Iceland, Indonesia, Ireland, Italy, Japan, South Korea, Kuwait, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Oman, Philippines, Poland, Portugal, Qatar, Romania, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Thailand, Turkey, United Arab Emirates, the United Kingdom, the United States and Venezuela.

In addition, delegations from several international organisations, including the United Nations, were attending the conference.

Who gave how much

MOSCOW, Jan 22: A look at government aid offered to the Soviet Union recently, according to AP.

United States: Has pledged 4.1 billion dollars, mostly in agricultural credits. Of this, 3.75 billion dollars is in credits for foodstuffs.

European Community: The 12 EC nations in December approved about 260 million dollar in emergency food shipments, on top of gifts worth 320 million dollar earlier in the year.

Germany: Germany has provided 57 per cent of the 260 million dollar in EC aid, according to EC officials. Germany also said it is providing 90 per cent of all private aid.

Britain: Total British aid is worth about 144 million dollar.

Italy: Last week, the Italian State Export Credit Insurance Agency approved 1.25 billion dollar in export credits to Russia.

Japan: Pledged 2.5 billion dollar in emergency aid, of which 1.8 billion dollar was to ensure exports, imports and investments.

'Iraq's rebuilding pace remarkable'

BAGHDAD, Jan 22: Against the odds, Iraq has rebuilt much of its shattered infrastructure at a pace few experts believed possible at the end of the Gulf War, reports Reuter.

Broken bridges have been patched, power stations are running, refineries produce cheap petrol. Oil pipelines, pumping station and storage tanks have been fixed and even Baghdad traffic jams are back.

"No matter what you may think of the Iraqi government," says a third world diplomat, one has to admit the post-war reconstruction has been remarkable, given the difficulties.

The difficulties are United Nations sanctions which have cut off spare parts for Iraq's industries and denied it access to more than four billion dollar held in foreign bank accounts.

A United Nations team that visited Iraq 10 months ago described war damage to the economy as near apocalyptic.

Most means of modern life support have been destroyed or rendered tenuous, UN Under-Secretary Martti Ahtisaari reported. Iraq has, for some time to come, been relegated to a pre-industrial age.

At that time the country had no electricity, no motorised transport and no

telecommunications. Baghdad residents were using buckets to draw water from the Tigris river. Horse-drawn carts replaced trucks and government ministries communicated by foot runner.

US experts were speaking in terms of two years, five years or more to repair the infrastructure.

In a rush-hour traffic jam in Central Baghdad, those days are now hard to imagine. The pre-industrial era is clearly over — as President Saddam Hussein's government stresses.

'Iraq is back on its feet. It was down but not out,' the official Baghdad Observer said in an editorial marking the anniversary of the Gulf Wars' start.

One rebuilt facility or another has reopened almost every day in the past two weeks — bridges, telecommunications centres, a major oil terminal, and a dam.

Iraqi Airways began flying again on January 16 with a twice-daily service from Baghdad to Iraq's second city, Basra.

"Obviously, we are not back to normal and we won't be until we can start exporting oil again," said a senior official.



MAKING A STUDY OF MATERIALS: The development of new materials is an area of research that engages a number of industries in the modern world. Composites are being increasingly used in the aerospace industry, in automotive engineering, for medical purposes and in many other applications, as they are very light but very strong. Here, at the Plytechnic South-West in Plymouth, England, the propeller of a boat has been constructed from glass fibres in resin as part of a marine research project.

—LPS photo

Pak bond sales hit snag

KARACHI (Pakistan), Jan 22: The market response to the Pakistan government's sale of federal investment bonds and treasury bills last week was the poorest since it began auctions last March, reports Reuter.

The State (central) Bank of Pakistan (SBP) said it sold three, five and 10 year bonds worth 3.8 million rupees on Wednesday, compared with 1.95 billion on January 8 and a previous low of 417 million on December 26.

The six-month T-bill auction raised 300 million rupees at an average rate of 12.96 per cent compared with 1.16 billion at 12.73 per cent on January 8 and 770 million at 11.38 per cent on December 26.

The SBP received bids for 1.15 billion rupees for the bonds, but rejected many bids to check a rise in the mark-up rate, a Bank official said.

A Pakistani banker said government securities had been hit by a squeeze since the State Bank ordered commercial banks to deposit a total of 13 billion rupees in October to curb liquidity.

Cory suggests prayer to avert water rationing

MANILA, Jan 22: President Corason Aquino Tuesday warned of a severe water shortage in the Philippine capital in the coming months, and called for "increased prayer" and less use of the tap to avert rationing, reports AP.

"The problem of our water supply in metro Manila is that there has not been enough rainfall," she said in a written statement.

Officials earlier said the water levels at the Angat and La Mesa dams, which supply water to this metropolis of seven million people, were at "critical levels."

"If we are all individually able to effectively cut down our usage of water by a significant volume beginning now, there is a possibility that we may have sufficient water during the dry months," Aquino said. The rainy season starts here in June.

GATT proposals alarm France on Asian trade

BRUSSELS, Jan 22: Current GATT trade proposals would result in a massive shift of jobs in the textile and clothing industries from Europe to Asia, two French trade unions warned in a joint statement here Monday, reports AP.

The Union Des Industries Textiles and the Union Francaise Des Industries de L'habillement said the proposals would mean over one million job losses for the European Community (EC) over the next few years.

The unions said the latest proposals, formulated by GATT Director-General Arthur Dunkel after more than five years of talks, would open the EC's market to Asian products without ensuring similar concessions in the other direction.

They added that the proposals would also do little to stop Asian producers from pirating western designs and products, or from dumping cut-price exports, falsifying export documents or benefitting from "medieval working conditions."

Indian rupee devalued further

BOMBAY, Jan 22: The Reserve Bank of India (RBI) here Tuesday announced a further downward revision of the rupee by 0.09 per cent in relation to the pound sterling, making the British unit costlier by another four paise, reports PTI.

The new middle rate now works out to Rs 46.69 per sterling as against Rs 46.65 previously.

Tokyo seeks to soothe US anger, reaffirms trade pledges

TOKYO, Jan 22: In a frantic stab at damage control, Japan sought Tuesday to soothe US anger over a senior politician's comment that lazy US workers are to blame for the countries' trade gap, reports AP.

Japanese leaders also quickly issued reassurances that Prime Minister Kiichi Miyazawa had not reneged on pledges made during his Tokyo summit with President Bush to increase imports of US cars and auto parts.

"We have determined that we will sincerely accomplish each item which we have promised to do," Koichi Kato, the chief government spokesman, referring to targets to import 20,000 more US cars annually and roughly double US auto part imports to 10 billion.

US officials bristled after Miyazawa said Monday that the figures were a target rather than a firm promise.

The controversial comments couldn't have come at a worse time for strained US Japan relations, as American election year rhetoric heats up following President Bush's contentious visit.

The Japanese government appeared particularly concerned over reported comments by Yoshiro Sakurachi, Speaker of the House of Representatives, that American workers are lazy and many can't read.

Sakurachi, whose position as House speaker is esteemed but carries little influence, issued a statement Tuesday acknowledging his comments "were liable to cause misunderstanding."

In the statement, read to foreign journalists at a Foreign

Ministry news conference, he denied reports that he had described the United States as "Japan's subcontractor" or had said 30 per cent of the US workforce was illiterate.

Foreign Minister Michio Watanabe, travelling in the United States, issued a prepared statement saying he did not share Sakurachi's reported views.

"I understand labor productivity of American workers in general is quite high, as is the literacy rate," the statement said.

Most Japanese television news, which largely ignored Sakurachi's comments initially, Tuesday gave prominent play to American newscasts showing US autoworkers' angry reactions.

"It is very regretful that (the remarks) were taken as if to disparage or slight American workers," the 79-year-old Sakurachi said in his written statement.

Jakarta to host G-77 chambers' meeting

JAKARTA, Jan 22: Jakarta will host the fifth five-day meeting next month of chambers of commerce from 114 developing countries known as G-77, the Antara news agency said here Tuesday, reports AP.

Antara quoted an official of the Indonesian Chamber of Commerce, Halim Thalib, as saying the February 16 meeting would cover trade, industry and investment among developing countries themselves and with developed countries.

Japanese aid not in jeopardy: Solanki

TOKYO, Jan 22: India's refusal to sign the Nuclear non-Proliferation Treaty (NPT) will not jeopardise Japanese economic aid to India, Indian Minister of External Affairs Madhavsinh Solanki said Tuesday, reports Reuter.

"It has no relationship with aid matters between Japan and India," Solanki told a news conference.

Japanese Foreign Minister Michio Watanabe was speaking in general terms when he called on India on Monday to sign the NPT, Solanki said.

ASEAN may take India as dialogue partner

SINGAPORE, Jan 22: Ministers of the Association of South East Asian Nations (ASEAN) will this week consider inviting India as the group's dialogue partner and China as a guest, senior ASEAN officials said here, reports Reuter.

Officials said they had recommended to their ministers to accept India's application to be a sectoral dialogue partner and China's request to be a guest in future group meetings of foreign ministers.

ASEAN foreign ministers would review the recommendations when they meet here on Wednesday and Thursday to prepare for a summit by their heads of government next week.

The United States, Canada, Japan, the European Community, Australia, New Zealand and South Korea are currently dialogue partners of the 25-year-old ASEAN, which comprises Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Business briefs

Pindi signs oil drilling pact: Pakistan entered Tuesday into a petroleum concession agreement with Union Texas Petroleum and Occidental of USA for petroleum exploration in the country, reports Xinhua from Islamabad. Under the agreement signed the companies will invest about 10 million US dollar in carrying out seismic survey over 500 square kilometre area in the southern province of Sind and drilling three exploratory wells.

45000 small units in Bihar sick: Over 45,000 small-scale industrial units out of a total of 63,632 in Bihar are lying sick or closed, according to the Chairman of the Bihar Sick Industries Association, Dr Taj Singh Lakhmana, reports PTI from Patna.

Dr. Lakhmana, who has filed a writ petition in the Patna High Court against the Bihar State Finance Corporation (BSFC) has contended that the main cause behind the sickness was the "malicious actions of the officers of the BSFC and banks."

US may okay loan to Israel: The Bush administration is expected to give conditional "green light" to an Israeli request for 10 billion dollar in loan guarantees shortly, reports PTI from Bahrain.

A decision to lift the presidential veto on granting the guarantees was expected to be announced "within the next few days," a Saudi newspaper quoting unidentified diplomatic sources in Washington reported Wednesday.

EC to curtail gas monopoly: The European Commission is set to give final approval to controversial plans which strike fear into the hearts of the European Community's gas and electricity monopolies, EC officials said on Monday, reports Reuter from Brussels.

But the plans — which would allow major gas and electricity consumers to bypass the monopolies and shop around for energy supplies as early as next year — face a tough ride from EC energy ministers, who have the last word, the officials said.

Iran urges OPEC to close ranks: Iranian Oil Minister Gholam Reza Aghazadeh, on Tuesday urged fellow members in the Organisation of Petroleum Exporting Countries (OPEC) to close ranks to improve the market and increase oil prices, reports AP from Tehran.

"World recession, namely in the United States, as well as irresponsible over-production by some OPEC members have led to the current crisis on the market," Aghazadeh said in an interview with Abrar newspaper.

Afghanistan speeding up toward free economy

KABUL, Jan 22: Taking its cue from the collapse of the Soviet Union and changes in its former republics, the Afghan government is speeding up the transition to a free market economy by revising obsolete trade laws, reports AP.

"Everyone in the region is liberalising. We have regained our strategic importance after the collapse of the Soviet Union. We should act now to change the system or we will lose in the economic race," an economist said here.

President Najibullah has said political changes in the region have elevated

Afghanistan's "economic and transit role."

The engine of the reforms in Afghanistan is the Economic Advisory Council (EAC), a new think-tank forming a link between the government and the private sector, which is funding the group.

"We want to have a say in the development of economic policies and to act as advocates of free market economy," said Farid Zarif, Afghanistan's former Permanent Representative to the United Nations and now Secretary-General of the EAC.

Although Prime Minister Fazle Haq Khaliq Yaar is the EAC's Chairman, Zarif said the

organisation was not political.

"The prime minister's presence will help us get through much red tape and get things done efficiently, particularly when the bureaucracy here is very strong," Zarif said.

The EAC has identified some one dozen trade laws that need either amending or repealing as most were enforced during the 1978 communist takeover of power in Afghanistan.

Zarif said three laws on foreign and domestic private investments, on insurance companies and on money and banking had already been drafted and would be presented to parliament by a min-

isterial council for enactment.

"Under the revised investment laws, foreign countries can invest with ownership of 100 per cent of the shares. Earlier foreigners were entitled to 50 per cent and the government had 41 per cent of the shares," he said.

Zarif said the new insurance laws permitted the establishment of private firms.

Najibullah said many more of the country's laws would also be changed in line with the principles of free market economy.

The EAC's programme for moving towards a free market system began last year when the government accepted its

suggestions to end the state monopoly on imports.

"We want to break up the monopoly of the government in the economy. The idea is not to rebel but to facilitate the free interaction of market forces," said Zarif.

He said the EAC wanted to end state subsidies for services enjoyed mainly by the higher income groups.

"It is only those with higher incomes who consume more electricity. The lower class has access only to a radio or a heating appliance," Zarif said, adding that the EAC was not yet advocating ending subsidies to government workers, who are unable to adjust to life

without coupons.

An estimated 300,000 government servants receive food coupons, which also enable them to obtain free kerosene, wheat, sugar and tea each month.

But a leading importer here described the reforms as "nothing new."

"We always had a free market, even when the communists were here, the system of free trade thrived. Of course, the laws did not work... but the free market worked, the government is trying to make propaganda out of these laws," he said.