

## Jute strike in India inevitable as talks fail

CALCUTTA, Jan 25: The proposed indefinite strike in the jute industry from January 28 appeared to be inevitable as another round of tripartite talks failed here today owing to what was officially said, Indian Jute Mills Association's (IJMA) reluctance to concede the workers' main demands, reports PTI.

The state Labour Minister, Santi Ghatak, who initiated the tripartite meeting, said that representatives of 18 trade unions, the West Bengal government and IJMA, besides representatives of the National Jute Manufacturers Corporation (NJMC) were present at the meeting.

The IJMA, he said, did not offer any alternative suggestion to resolve the crisis and even its representatives left the meeting without providing any formula to avert the strike called to press for payment of industry-wide wages settle-

ment of statutory dues and nationalisation of the industry.

### Tea price falls

Another report adds: Although the common man has not felt it as yet, the average price of tea in India has declined in 1991 as compared to the previous year closing at Rs 40.30 per kg in 1991 instead of Rs 43.25 per kg in 1990.

According to an analysis of monthly sales statistics of all teas sold in the five auction centres of the country, the fall was sharper in the South Indian centres than in the North Indian auctions.

A larger amount of tea — 500.7 million kgs as against 481.8 million kgs — was sold in the twelve months of 1991 (calendar) it was revealed. The declining trend in prices was evident although the year ended with prices showing a tendency to increase only in two months — July and September 1991.

## 8m Russians may lose jobs by Sept

MOSCOW, Jan 25: The Russian government expects between seven to eight million people to be out of work in Russia by September — 10 to 12 per cent of the active population — Deputy Labour Minister Fyodor Prokropov said Friday, reports AFP.

Addressing a news conference here, Prokropov said the example of Poland showed joblessness reached a peak about eight months after prices were freed. In Russia prices were liberalised on January 2.

The government however expects only two million people to claim unemployment benefits, with the great majority probably preferring to look for new jobs, he said.

As of January 1, 60,000 people were officially registered as unemployed with 12,000 receiving benefits.

## US judge accepts BCCI guilty plea

WASHINGTON, Jan 25: A US judge on Friday approved a guilty plea by the collapsed Bank of Credit and Commerce International BCCI to federal criminal charges under its plea deal to forfeit a record 350 million dollar in seized American assets, reports Reuters.

The guilty plea was accepted by District Judge Joyce Hens Green during a brief court hearing. She said the deal was in the public interest and would help innocent victims around the world recover some of their lost money from the scandal.

Green said from the bench that no agreement could satisfy all the various interests in the BCCI case, but added that no one had offered the court a better alternative.

The plea deal was announced on December 19, by the US Justice department after weeks of secret negotiations in Washington, New York and London involving BCCI's overseas liquidators and US government regulators and prosecutors.

The day after the announcement, BCCI pleaded guilty to New York state charges brought in July by Manhattan District Attorney Robert Morgenthau that it was involved in the biggest bank fraud in history. A judge in that case accepted the plea.

## ASEAN chamber calls for total elimination of tariffs

SINGAPORE, Jan 25: Businessmen from South East Asia urged minister from the Association of South East Asian Nations (ASEAN) to boost trade within the group by gradually abolishing all tariff restrictions, reports Reuters.

"When we reach the successful establishment of CEPT-AFTA... tariff and non-tariff barriers (should be) wholly eliminated," said Chockchai Aksaranan, President of the ASEAN Chambers of Commerce and Industry (ACCI).

The Common Effective Preferential Tariff (CEPT) is a first stage toward an ASEAN Free Trade Area (AFTA) for Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Aksaranan told a meeting of ASEAN foreign and economic ministers here that the proposed liberalisation, "must be on a sectorial and gradual basis."

The ACCI represents about 80,000 private companies and banks in ASEAN states and works closely with member governments.

ASEAN economic ministers Friday agreed to broaden the scope of CEPT by adding capital goods to the list which already covers manufactured and processed agricultural products.

Under CEPT, ASEAN members are to reduce within 15 years present tariffs of up to 20 per cent to a five per cent maximum and cap other higher, tariffs to a ceiling of 20 per cent.

HONG KONG, Jan 25: Forty years after the Chinese Nationalists lost a civil war to Communist forces and fled to Taiwan, their government is bidding to retake the mainland — this time with money, not missiles, reports AP.

Since the early 1980s, Taiwan's businessmen have poured billions of dollars into indirect trade and investment into China's prosperous southern provinces, mostly through Hong Kong.

In the latest move to buy the hearts and minds of their mainland compatriots, Taiwan is aggressively seeking a higher profile in China through Hong Kong, the British colony that reverts to Chinese rule in 1997.



Mrs Christel Degallaix, wife of French Ambassador in Bangladesh, organised a charity sale on Friday at her residence in Gulshan. The sale proceeds will go to Women's Voluntary Association in aid of disabled children.

## Russian budget with tough austerity measures okayed

MOSCOW, Jan 25: Russia's government won approval from parliament for tough economic austerity after a senior official warned of possible financial catastrophe, reports Reuters.

"I am not trying to frighten you. I am just informing you of the realities of life, Deputy Prime Minister Yegor Gaidar said before parliament gave grudging approval to a budget law for the first quarter of this year.

Gaidar said Russia depended on imported grain supplies, which it could not afford without support from foreign creditors and the International Monetary Fund (IMF).

Gaidar, President Boris Yeltsin's top economic strategist, said support from abroad was conditional on Russia's commitment to reforms notably price liberalisation and efforts to reduce a budget deficit that amounted to 108.4 billion roubles (about one billion dollar at the Russian central bank rate) in 1991.

The new law stated that the government not parliament, would be responsible for the budget, which set expenditure and revenue at 420.5 billion roubles (about four billion dollar).

AP earlier adds: The reforms have increased prices in food stores several times. Bare store shelves have not filled, and consumers are angry. At the same time, Yeltsin's government is trying to sharply cut back the number of roubles in circulation.

Virtually unrestricted printing of roubles in the final years of Soviet rule built high inflation into the economy.

Gaidar, in remarks reported by the Tass news agency, said the government was determined to press ahead with its reform.

He said there had been only one choice — to sharply restrict the money supply and raise prices.

Despite public protest, raising prices was "the only pos-

sible and responsible decision," Tass quoted him as saying. "Any other policy could have been extremely dangerous, dooming us to an automatic twist in the inflationary spiral."

Even so, he said the budget built in an assumption that inflation would be 400 per cent. He termed that estimate "extremely conservative," Tass said.

Gaidar said total military expenditures would be cut 4.5 per cent, but within the military budget, outlays for new equipment would be 7 1/2 times smaller.

He also announced cuts in other government outlays, including projects carried out with credits from foreign governments unless they guarantee immediate results. Cuts of between 2.7 per cent and 9 per cent were announced in subsidies for industrial and farm products, and in law enforcement.

But the budget ran into

immediate criticism from Alexander Pochinok, chairman of the legislative committee on budget, planning, taxes and prices.

He said the government should be given the authority to spend 519.8 billion roubles, but that the documents presented to the legislature were far from representing a real budget.

"The quality and level of the documents presented do not permit them to be considered a budget," Tass quoted Pochinok as saying. For instance, they did not take into account such items as social protection of the population, converting defense industries and pension funds.

Pochinok accused Yeltsin's government of trying to push off all responsibility for the living standards of people on local governments, and charged that it is "willingly or unwillingly pushing ahead the disintegration, the regionalization of Russia."

## \$4b US defence cut proposed

WASHINGTON, Jan 25: The Bush administration, in its first hit at the defense budget since the collapse of the Soviet Union, is proposing cuts of about four billion dollar from military programme, reports AP.

The preliminary list targets such items as upgrading the M-1 tank, work on the F-14 Tomcat jet fighter and million of dollars earmarked for research at colleges and universities across the country.

In every budget, Congress includes more money than the Pentagon requests for specific weapons and research projects, usually work done in lawmakers' home districts. The Pentagon traditionally calls for rescinding some funds appropriated in previous budgets.

The list, first reported in Friday's Washington Post and later obtained by The Associated Press, is an early draft.

President Bush will send the final list Wednesday with defense budget for the year beginning Oct 1.

Lawmakers are clamoring for deep cuts in defense spending in the post-Cold War era. President Bush is expected to propose significant reductions in the military in his State of the Union address Tuesday night.

President Bush will call for an 11 per cent increase for the Space Station project next year, as well as money to put robots on the moon and build a new space launch system and a hypersonic transport plane, administration officials say.

Bush was scheduled to announce his space proposals Friday in a speech to the Young Astronauts Council, according to officials who discussed the proposals Thursday night on condition they not be identified by name.

## Wall Street warily awaits Bush plan

NEW YORK, Jan 25: Wall Street's stock and bond traders are treading very cautiously as they await economic proposals from President Bush in the next few days, reports AP.

In his State of the Union policy message Tuesday and budget proposal Wednesday, the president is expected to lay out a battle plan for stimulating the economy.

Among the numerous possibilities viewed as likely elements of his strategy are some form of income-tax break to try to bolster confidence and spending among consumers.

Bush also appears poised to call, as he did unavailingly a year ago, for a reduction in taxes on long-term capital gains.

That last subject, in particular, is close to the hearts of many securities brokers and their customers.

But even with such a prospect to sweeten the pot, the stock and bond markets have both turned flat in recent days.

Analysts say traders are on guard for any surprises. They also note that many Wall Streeters have mixed feelings at best about the benefits of fiscal stimulus to the economy.

The plan is likely to be fairly conventional, including a quick-fix, one-shot tax cut for the middle class," observed Edward Yardeni, chief economist at C.J. Lawrence Inc in New York.

"Odds are that the president's plan will be accepted by Congress with some modification by April or May. The longer it takes Congress to

pass the package, the worse off will be the economy in the near term.

"Odds are that the final version will increase the federal deficit during the current fiscal year by 25 billion dollar," Yardeni added.

"Odds are that the economy will respond positively during the second half of the year."

Yardeni said the tax cuts are likely to be spread thin and would only offset federal tax increases imposed in 1990 and local tax hikes introduced in 1991.

"Consequently, don't expect a big economic recovery," he said.

Even if a program emerges that achieves dramatic results, many analysts aren't sure it would automatically be bullish for the markets.

In the first place, a lot of high hopes have already been factored into stock prices with the market's upsurge from just before Christmas through the early days of January to record highs.

Secondly, investors might be less than enthusiastic about a pepped-up economy if it showed signs of exerting much upward pressure on inflation and interest rates.

The net effect of such thoughts was a pullback in stock prices over the past week. The Dow Jones Average of 30 industrials closed Friday at 3,232.78, down 32.20 points from the week before.

The Nasdaq Composite Index for the over-the-counter market fell 2.17 to 624.68, and the American Stock Exchange market value index was down 1.90 at 413.42.

## Business briefs

**Tokyo to probe loan use:** The Agriculture Ministry said Friday it is investigating whether loans extended by a ministry-backed bank to a delivery company were used illegally for stock trading, reports AP from Tokyo.

The stock profits were allegedly used by the company, Tokyo Sagawa Kyubin Co, to expand a slush fund for buying influence from politicians, the mass-circulation Mainichi Shimbun newspaper reported.

**US banks face fresh trouble:** Though loan delinquencies showed signs of leveling off last quarter, some analysts warn that banks face another round of trouble ahead, reports AP from New York.

The effect of thousands of workers losing jobs in large corporations last fall hasn't yet showed up on banks' balance sheets.

There's likely to be a dramatic impact on consumers' ability to repay credit card and auto loans, forcing banks to act aside still more cash to cover rising delinquencies.

**Kuwait Co to vacuum oil:** A contract to vacuum oil from lakes formed by wells damaged during the occupation of Kuwait will be awarded to Kuwait Oil Company, an official said in an interview published Friday, reports AP from Kuwait City.

Almost 200 firms worldwide had offered tenders to clean up the oil, which leaked after hundreds of Kuwaiti wells were set ablaze by retreating Iraqi troops during the Gulf War.

## ASEAN stepping into new era

SINGAPORE, Jan 25: South East Asia stands on the threshold of a new era as six leaders gather for a landmark summit that will break new economic ground and draw attention to security, although questions about its political unity remain, reports Reuters.

Analysts said leaders of the Association of South East Asian Nations (ASEAN) holding their fourth summit next week will give their seal of approval to a tariff reduction scheme to create an ASEAN free trade area by the year 2008.

The summit will also call for a "higher plane of political and economic cooperation" in the face of large economic groupings forming elsewhere in the world, and seek to forge better ties with Indochina, a senior ASEAN official said.

The anti-communist grouping formed in 1967 gained momentum only after it embarked on an international campaign throughout the 1980s to condemn Vietnam's 1978 invasion of Cambodia.

With the United Nations-brokered negotiated settlement of the Cambodian conflict, ASEAN — which has some of the world's fastest-growing

economies — has found a fresh focus in economic cooperation.

Foreign and economic ministers of ASEAN members Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand have ended two days of talks ahead of the summit, which will chart directions for the group in the 1990s and beyond, officials and analysts said.

"This is a tremendous breakthrough," Philippine Foreign Minister Raul Manglapus said of ASEAN's decision to discuss security issues more openly.

The breakup of the Soviet Union, political changes in Eastern Europe, growing economic regionalisation in North America and the European Community have prompted the group to re-examine its roles and its future.

Potential conflict over overlapping territorial claims in the South China Sea will prompt ASEAN leaders to intensify cooperation in regional security and start more dialogue with other countries on security issues, ASEAN officials said.

But political differences among the member nations

have also arisen over the level of ASEAN's involvement with "outside power," analysts said.

Thailand had proposed that ASEAN invite the permanent members of the United Nations Security Council — the United States, Russia, China, Britain and France — to accede to its 1976 treaty of amity and cooperation which calls for signatories to respect territorial integrity and settle disputes peacefully.

Analysts said such a move, besides giving ASEAN more recognition, could have allowed involvement by the five big powers in security problems in the region.

But Indonesian Foreign Minister Ali Alatas voiced objections, saying the treaty is part of a larger concept embodied in a 1971 Malaysian-proposed declaration to turn Southeast Asia into a zone of peace, freedom and neutrality.

"Political differences" also halted Malaysia's plan to win endorsement for its controversial East Asian Economic Caucus (EAEC) proposal, ASEAN officials said.

Malaysia had wanted ASEAN to with booming East Asian economies in EAEC to give

Asia a large collective voice following the signing of the North America free trade agreement and economic and monetary union in the European Community.

But Indonesia, apparently miffed that ASEAN was not first consulted, has asked to refine the idea further while other ASEAN states fear that endorsing it would anger the United States, a major trading partner of the region of 320 million people.

The ASEAN states, however, are unanimous that Indochinese countries should eventually join their ranks, starting with Vietnam and Laos which have asked to accede to the 1976 treaty.

The six leaders would also agree to help in the economic reconstruction of Vietnam, Laos and war-ravaged Cambodia, and create a "greater Southeast Asia," ASEAN officials and analysts said.

They said the summit could set the stage for ASEAN to eventually grow to a 10-member grouping as ideological differences between them, Indochina and Burma faded away with the end of the cold war and the demise of communism.

## US asks Israel again to stop settlement

WASHINGTON, Jan 25: Secretary of State James A Baker has suggested that Israel stop building new homes on the West Bank and in Gaza in order to gain US help in absorbing up to one million Jewish refugees, sources familiar with the talks said, reports AP.

Israel wants the Bush administration's help in obtaining 10 billion dollar in

housing loans from commercial banks by guaranteeing repayment of the debts.

President Bush postponed a decision on Israel's request in October while Baker was trying to arrange Arab-Israeli peace talks.

On Friday, Baker discussed the longstanding request separately in meetings with senior congressional leaders

and with Israeli Ambassador Zalmann Shoval, but delayed any decision.

After an hour-long meeting with Baker, Shoval said they would talk again when Baker is back in town next weekend after a trip to Moscow.

The influx of 400,000 Soviet Jews in the last two and half years, which is expected

to balloon to one million immigrants, is straining Israel's economy.

But US officials are reluctant to approve the guarantees unless Israel stops settling Jews on the West Bank and Gaza, predominantly Arab territories captured from Jordan and Egypt in the 1967 Mideast War.

## Algeria plans \$8b imports

ALGIERS, Jan 25: Algeria plans to spend eight billion dollar this year on imports of food, medicines and industrial supplies, double the figure for 1990, reports Reuters.

Minister responsible for trade Fodil Bey announced the imports 24 hours after the cabinet set up two ministerial groups under Prime Minister Sid Ahmed Ghazali to try to relaunch the debt-burdened nation's economy.

Latest customs figures show total imports in 1990 were worth \$6.5 billion dollar (around four billion dollar).

Bey told the Algerian news agency APS two billion dollar was envisaged for food imports, including cereals and refined products like flour and semolina, dried vegetables, sugar, tea, coffee, milk and other items.

Rice, barley and maize imports would increase by between nine and 17 per cent over last year, flour by 20 per cent and unrefined (cooking) oil by 32 per cent.

Rice supplies, currently interrupted through lack of cash, would be boosted by 14,000 tonnes from Pakistan, he said.

## NY shares post modest gain

NEW YORK, Jan 25: The stock market posted a modest gain Friday, recouping some of Thursday's losses, reports AP.

The market averages have been zigzagging in recent days following their sharp runup from just before Christmas through the early sessions of the new year.

Analysts believe the market has gone a great distance toward anticipating an economic recovery, and has settled in to await evidence whether its judgement will prove correct.

The Dow Jones Average of 30 industrials rose 6.04 points to 3,232.78, trimming its loss for the week to 32.20 points.

Advancing issues outnumbered declines by about 9 to 8 on the New York Stock Exchange, with 909 up, 797 down and 488 unchanged.

Big Board volume came to an estimated 213.60 million shares as of 4 pm (2100 GMT) against 229.68 million at the same point in the previous session.

The NYSE's Composite Index gained 28 to 229.17.

Another despatch adds: The dollar fell against major foreign currencies in volatile, rumor-driven trading on Friday, with currency dealers jittery about the upcoming meeting of the Group of Seven finance leaders and central bankers.

Gold prices fell. At the Republic National Bank of New York, bullion was quoted at 354.50 dollars of 4 pm (2100 GMT), off 10 cent from Thursday. At the New York Commodity Exchange, gold for current delivery fetched 354.40 dollar, down 20 cent from Thursday.

Hubert Pedrotti, manager of corporate foreign exchange at Credit Suisse, said there "was no rhyme or reason" for the volatile trading during the session. The US government didn't release new reports on the economy on Friday.

The dollar fell after a rumor circulated that the Federal Reserve was buying greenbacks. But traders said they saw no evidence of any central bank intervention.

Pedrotti said intervention was unlikely ahead of this weekend's New York meeting of the Group of Seven.

## Cuba signs 5-yr trade pact with Lithuania

HAVANA, Jan 25: Cuba and the Baltic state of Lithuania have signed a five-year economic cooperation accord and a trade protocol for 1992, the Cuban news agency Prensa Latina said on Friday, reports Reuters.

That figure hit an estimated 5.5 billion dollar in 1991.

Taiwan's indirect investment in China is approaching three billion dollar.

Some politicians warn that getting too involved with Hong Kong and China renders Taiwan vulnerable to pressure from Beijing, especially as 1997 nears.

Yet others contend that increased visibility through economic muscle is Taipei's best long-strategy.

"Improving people's living standards can change people's attitudes toward culture, politics, everything," said Lai. "Of course, this is what the Communists are most afraid of."

## Nationalists bid to retake Chinese mainland — with money

HONG KONG, Jan 25: Forty years after the Chinese Nationalists lost a civil war to Communist forces and fled to Taiwan, their government is bidding to retake the mainland — this time with money, not missiles, reports AP.

Since the early 1980s, Taiwan's businessmen have poured billions of dollars into indirect trade and investment into China's prosperous southern provinces, mostly through Hong Kong.

In the latest move to buy the hearts and minds of their mainland compatriots, Taiwan is aggressively seeking a higher profile in China through Hong Kong, the British colony that reverts to Chinese rule in 1997.

Taiwan has encouraged more businesses to set up shop in the territory to channel indirect trade to and from China. Since August, Taiwan has permitted the first three state-run banks to open offices in the territory.

"Hong Kong is like a pair of gloves, Taiwan wears one and China wears the other so that they can shake without actually touching," said Kenneth Lai, managing director of the Taipei Trade Center in Hong Kong.

"It's not openly stated, but Taiwan wants to gradually expand its influence in China through trade, investment and free ideas," said Lee Yee, editor of Nineties magazine, a

Hong Kong-based political monthly.

Taiwan has positioned itself for this big sales pitch with four decades of explosive, export-oriented growth that turned it into the world's 15th-largest economy, with almost 80 billion dollar in foreign reserves.

The rocky, resourceless island was a sleepy former Japanese agricultural colony when the Nationalists took it over in 1949.

Taiwan has experienced economic growth for four decades, but exports didn't really take off until the 1970s. Between 1971 and 1991, its Gross National Product jumped from 6.6 billion dollar to 180 billion, while per capita in-

come for the island's 15 million people shot up from 443 dollar to 8,800 annually.

In contrast, per capita income for first six months of 1991 was 388 US dollar in China's cities, and 122 US dollar in the country side.

Taiwan's newfound standing as a trading partner for China is a dramatic turnaround that contrasts with its "Three No's" — which outlawed negotiation, compromise and even contact with the Communists.

After the Communists opened China's economy to outside ties in 1979, Taiwan businessmen who wanted to trade there had to brave the threat of prison sentences. Deals were cut in Hong

Kong and no Chinese visas were stamped into Taiwanese passports. Everything was very hush-hush.

Officially, Taipei still bars any direct contact or trade with its enemy across the Taiwan Straits because the rival governments both claim to represent a united China.

But since the Ascension of a more liberal, Western-educated leadership in the mid-1980s, Taiwan has renounced its 1948 pledge to invade the mainland and eased trade restrictions with China.

The results have been phenomenal. In 1990, two-way trade reoriented through Taiwan's 2,600 registered companies in Hong Kong reached four billion dollar.