

## Barclays profit down 30 pc

LONDON, Feb 27: Barclays plc, Britain's largest bank, on Wednesday reported a 30 per cent drop in profits in 1991, mainly due to high bad debt provisions which group Chairman Sir John Quinlan said would persist this year, reports Reuters.

Pre-tax profits fell to 533 million pound, (937 million dollar) from 760-million pound (1.34 billion dollar) in 1990. The bad debt charge, reflecting the effects of recession, rose to 1.75 billion pound (3.1 billion) from 1.25 billion pound (2.2 billion dollar).

Barclays held its dividend unchanged at 21.2 pence.

The profit figure was below market expectations, with broker estimates averaging about 600 million pound (just over 1 billion) for 1991.

Banking sector analysts focused on operation profit before the bad debt charge, which grew by 3.5 per cent to 1.75 billion pound (3.1 billion) from 1.25 billion pound (2.2 billion) previously.

## Japan excludes rice issue from GATT plan

TOKYO, Feb 27: The Japanese government decided Wednesday to exclude the tariffication of rice from its response to a compromise plan in the Uruguay round of global trade talks, news reports said Wednesday, reports AFP.

The reports said Prime Minister Kiichi Miyazawa and three senior ministers agreed that Japan should not make any concessions while the United States and the European Community were still divided over the issue of farm subsidies.

Arthur Dunkel, the director General of the General Agreement on Tariffs and Trade (GATT), has proposed removing all barriers on imports of agricultural products by replacing them with tariffs. Members of the GATT have until March 1 to respond to the so-called Dunkel paper, which was released in December.

The decision by the government, which virtually bans all imports of rice, apparently takes into account an upcoming by-election in the rural stronghold of Miyagi prefecture, particularly well known for its high-quality rice.

The ruling Liberal Democratic Party (LDP) gets much of its support from Japan's heavily subsidised farmers.

## Dollar sinks at home

NEW YORK, Feb 27: The US dollar declined on profit-taking in domestic trading Wednesday after posting gains overseas, reports AP.

Gold prices were mostly lower worldwide. On the New York Commodity Exchange, gold bullion for current delivery settled at 349.60 dollar a troy ounce, off 20 cent from Tuesday. Official National Bank said gold was unchanged at a late bid price of 349.50 dollar an ounce.

The dollar advanced in foreign trading overnight, building on its impressive move upward in the previous session. But analysts said the US currency began to falter slightly when the Malaysian central bank stepped in and sold dollars for German marks.

The move was considered speculative rather than an attempt to influence the direction of trading, said Randolph Donney, research director at Pegasus Economic Group.

When activity shifted to US markets, the dollar was initially supported by a Commerce Department report showing orders to US factories for durable goods rose 1.5 per cent in January. The report, which was slightly better than analysts had expected, represented a bounce-back from the biggest drop in more than a year just a month earlier.

## W Bengal Finance Minister calls to stop taking IMF, WB loan

# Opposition compels Singh to unfold letter

NEW DELHI, Feb 27: Indian Finance Minister Manmohan Singh, bowing to opposition protests, revealed the contents of a letter to the World Bank promising sweeping economic reforms, reports Reuters.

Singh submitted the letter to parliament on Wednesday after India's opposition parties paralysed the house for a second day over reports that the government had divulged budget secrets to the World Bank to get badly-needed loans.

The opposition onslaught was led by former Prime Minister Chandra Shekhar, who flashed a sheaf of papers claiming it was the copy of a letter that Singh had written to the World Bank last November.

'You also go through this document and you will see that the nation's dignity and honour has been compromised to a great extent. A government that does this sort of thing has no right to govern,' Shekhar declared.

Opposition members, shouting 'shame, shame' thumped their tables noisily and gave him a chorus of approval.

They cut across party lines to accuse Singh of violating the sanctity of the budget by 'leaking secrets' to the World Bank to win backing for India's economic reforms.

The fragmented opposition had united to seize on a report in Tuesday's Indian Express newspaper that Singh had exchanged letters with the World Bank agreeing to a number of

reforms in trade, finance and industry in exchange for a 500-million-dollar loan.

Most were World Bank recommendations or Indian policies already reported piecemeal in newspapers.

The Express said Singh agreed to 26 conditions for the loan that would be disbursed later this year.

Some, such as decontrolling the steel industry, liberalising trade and disinvesting in the public sector, have already been fulfilled.

Other conditions such as deregulating the financial sector to allow private sector participation have been partially implemented.

Many of the other conditions concern restructuring or closing loss-making state enterprises — a highly controversial issue in India affecting the interests of powerful trade unions and bureaucrats — which are still under debate.

World Bank officials have said the 500-million-dollar structural adjustment loan would help finance a national renewal fund to retain or compensate retrenched workers.

The Bank in December approved an earlier 500-million-dollar loan to support India's relaxation of import restrictions.

Prime Minister PV Narasimha Rao's minority government will unveil on Saturday what is widely expected to be an austere and unpopular budget for the 1992/93 financial year that begins in April.

The government began overhauling the state-dominated economy last July to ease a

crisis over India's 71 billion dollar debt.

The initial reforms were rewarded by a 2.2 billion dollar loan from the International Monetary Fund and the first 500 million dollar structural adjustment loan from the World Bank.

Meanwhile, according to PTI from Calcutta: The West Bengal Finance Minister, Ashim Dasgupta, Thursday called upon the centre to immediately stop accepting the IMF and the World Bank loan instalments in view of the recent leakage of documents relating to the World Bank's structural adjustment loan, as reported in the press.

Strongly decrying such leakage of the conditionality of the IMF and the World Bank loans, Dasgupta said that economic experts from those organisations, who were 'sitting in the North Block' should go back home and take rest. 'We should be link our priority from the loans', he said.

There should be wide-ranging discussions within the country on the terms and conditions of the loans and these should be made available to the people to safeguard the interest of the country, Dasgupta said.

The centre, he said, had disclosed that the country's foreign reserve stood at Rs 10,000 crore, of which an amount of Rs 5,000 crore was received from the IMF and the rest from the remittance of the non-resident Indian's without any conditions. 'So we must utilise

our existing resources to achieve self-sufficiency', Dasgupta felt.

## 98 state firms lose Rs 19.6 b

Another Reuters despatch from Delhi adds: India, pushing radical reforms to its state-dominated economy, said 98 of 233 state-owned companies had a total net loss of 19.50 billion rupee in 1989/90.

The state had invested a total of 993.3 billion rupee in the firms, which employ 2.3 million people, up to March 31, 1990, the end of the last fiscal year for which data were available, Junior Industry Minister PK Thangon told parliament.

Economists say the government must close such firms or cut jobs to keep World Bank and International Monetary Fund backing for economic reforms.

Prime Minister PV Narasimha Rao made plain the loss makers could not expect his minority government to bail them out. The national government's 1992/93 budget is to be presented on Saturday.

We can revive all units not doing well by taking stern steps. That is the gist of the new policy,' he told parliament.

The government, which has reversed four decades of socialist self-sufficiency to woo foreign investors, is seeking to draft a policy to redeploy redundant workers.

## Russia to sell 4m tons crude to India

NEW DELHI, Feb 27: Russia, has agreed to supply four million tons of crude and 1.1 million tons of petroleum products to India in 1992 under the new trade protocol concluded last week, reports Xinhua.

The quantum of imports agreed upon are 1.6 million tons lower than those in the agreement with the erstwhile Soviet Union last year, but are higher than the actual supplies made in 1991.

Indian official sources made the statement while giving details of the protocol, the Observer of Business and Politics reported.

The first ever trade protocol between India and Russia was signed here on February 22, envisaging two-way trade of about 75 billion rupee (2.94 billion US dollar) for 1992.

Both sides also agreed to continue with the Indian rupee trade during 1992 as a transitional arrangement.

The sources said that Russia's exports to India are valued at 1.1 billion US dollar, the bulk of which are crude.

# US fails to resolve patent dispute with India, may go for retaliation

WASHINGTON, Feb 27: The Bush administration announced Wednesday that it had failed to resolve a trade dispute with India on protection of American patents but it stopped short of imposing trade sanctions, reports AP.

US Trade Representative Carla Hills held out the possibility of trade retaliation later but set no deadline.

The United States contends that American companies are being cheated because India does not provide enough protection of American patents, particularly for pharmaceuticals.

The Indian government argues that if it agreed to American demands it would drive up the cost of medicine for its citizens.

While the dispute was unresolved, the two agreed on improved protection of American copyrights and trademarks and for expanded access by American film companies to the Indian film and video market, considered the largest in the world.

Hills praised these developments, saying, 'India's decision to open its motion picture

and video market will stimulate trade and work to the benefit of our entertainment industries as well as the India public.'

But she said India must go much further in providing patent protection, especially for pharmaceuticals.

'We are prepared to continue working with the Indian government in bilateral and multilateral negotiations on this issue and hope we can reach a resolution before action becomes necessary,' Hills said in a statement.

The reference to multilateral negotiations referred to the Uruguay Round of trade talks, an ambitious effort by 108 governments to expand and rewrite the rules of world trade.

US officials are upset with India because they are pushing a proposal in those negotiations that would give India 10 more years to quit selling imitations of Western drugs.

Hills said she was asking a US government inter-agency group to develop options which could include retaliatory tariffs against Indian products imported into the United States.

## Indian steam trains going into memory lane

NEW DELHI, Feb 27: Indian farmers can still be seen waiting patiently on wooden-wheeled bullock carts as steam locomotives chug past railroad crossings under white clouds.

The peaceful image is like an old photograph come to life. But the steam locomotives will soon be consigned to memories and museums. The government announced this week that India's 2,815 steamers will be out of service by the turn of the century, reports AP.

'The moment you speak of a train journey, a steam engine comes to mind', Gopal Krishnan says wistfully.

But Krishnan, who began his career with Indian Railways, maintaining the round-nosed engines and now advises the Rail Transport Museum, acknowledges: 'The steam engine is like an old man whose time has finished.'

Railway Minister CK Jaffer Sharief announced the imminent demise of the steamers to Parliament as part of a budgetary measures that will also boost freight charges and passenger fares.

The steam engines, which now operate only on branch lines, have mostly been replaced by diesels and a few electric engines. At one time, 12,000 of the huffing trains pulled the rails.

Sharief said 315 of the steam engines will be phased out this year, and the remaining 2,500 within eight years.

## Army pilots step in to keep Nepal planes flying

KATHMANDU, Feb 27: A strike on all domestic and overseas routes by Royal Nepal Airlines Corp (RNAC), pilots entered a second day Wednesday as army pilots took over some domestic routes of officials said, reports AFP.

Airport officials here said the army had taken over mountain flights for foreign tourists and a Puma helicopter 'flight' to the Lukla area in the region of Mount Everest.

Two other flights also carries out by army pilots, they said.

The flights are made by Canadian Twin Otter planes, but those army pilots qualified to fly this type of aircraft have

not been flying the aircraft for over seven months particularly since the crash of a Twin Otter belonging to the army in July last year, they added.

A Nepal Airline Pilots Association (NAPA), statement Wednesday said: 'The RNAC's current management cannot absolve itself of the charge of bringing about this situation.'

The RNAC is trying to arrange alternative flights on foreign carriers for passengers booked on its flights and so far has been able to secure arrangements with Air India and Thai Airways for flights to New Delhi and Bangkok airline officials said.

## Mongolia freeing prices

ULAN BATOR, Mongolia, Feb 27: Mongolia said Wednesday that it plans to free nearly all fixed prices next month, an important step toward a market-style economy that could cause prices to go up as much as five times, reports AP.

Deputy Prime Minister D Ganbold made the announcement at a meeting of Mongolia's main donors. The decision will take effect March 1.

'The prices of rationed goods could rise three, four or five times,' he said.

Meat, milk, petroleum, cooking oil, rice, sugar are among the products affected.

The price liberalization, the third since January 1991, is likely to further kindle inflation, which is already running at over 100 per cent per year, according to central bank calculations.

Representatives of seven

donor nations, the World Bank, International Monetary Fund and the United Nations Development Program heard Ganbold's announcement.

The seven nations were Britain, the United States, Germany, South Korea, China, Russia and Japan.

The Ministry of Trade and Industry asked the donors for an additional 450 million dollar this year to cover critical imports. The country already is to receive 168 million dollar of aid in imported goods this year but is expected to deplete those by June.

The donor representatives asked Mongolian officials to prepare a more detailed list of priority imports. No new aid was pledged.

A senior diplomat, speaking on condition of anonymity said, 'They needed to get rid of their dream list of imports.'

## JVC launching audio-visual compact disc

TOKYO, Feb 27: Victor Co. of Japan (JVC) said Wednesday it planned to launch in April a multi-amusement players with both audio and visual compact-disc functions including video games and karaoke performances, reports AFP.

The company said the 'wondermega' player was developed with Sega Enterprises Ltd, the biggest manufacturers of amusement equipment in Japan, under a cooperation agreement reached in July last year.

The player, priced at 82,800 yen (662 dollar), will be initially available only in Japan. Sales are targeted at 10,000 units a month, a spokesman said.



LONDON: Helena Newman, ceramic expert at Sotheby's, displaying a collection of ceramics handpainted by Pablo Picasso with estimates from 88-20,000 pound on Wednesday. The collection will be included in a sale of 'Impressionist' from Modern Art by 20th Century artists in London March 25.

# Food riots leave 3 dead in Albania

TIRANA (Albania), Feb 27: Thousands of rioters looted food warehouses and battled police in two western Albanian towns, leaving three people dead, Radio Tirana and government officials said Wednesday, reports AP.

Eight food warehouses in Pogradec, about 150 kilometers southeast of the capital Tirana, were emptied in riots that began Tuesday night and

continued into Wednesday. It said police fired in the air but did not stop the crowd.

Doctors at the local hospital were quoted as saying two civilians were crushed to death in the crowd. An unspecified number of civilians and police were injured.

The radio reported additional looting in three warehouses in the central town of Lushnje. An Albanian official,

Vladimir Hysi, said a 25-year-old man died in the rioting but had no further details.

Hysi said police were fired on from the crowd but returned fire above the rioters' heads. Radio Tirana said 15 police were injured, including four who were hospitalised.

Police called for reinforcements from nearby districts, but Lushnje was reported quiet Wednesday night.

Albania, freed from decades of Communist rule, is suffering through a catastrophic winter. The country depends on foreign aid for food, and there have been frequent food riots by panicked citizens.

Reuters adds: Troops moved in to restore order in the Albanian town of Pogradec after two people were killed in an orgy of looting and lawlessness.

# China closer to resuming reform

HONG KONG, Feb 27: The writer of China's most important newspaper commentary in years said Wednesday that the publishing of his call for China's creative use of capitalism signals that Beijing will push for more rapid reform, reports AP.

Economics Professor Fang Sheng also said his article, titled 'Opening Up To The Outside and Using Capitalism,'

was actually written several years ago and published recently in a book of essays.

Fang's essay, which appeared Sunday on the front page of the Communist Party's mouthpiece, the People's Daily, called for the widespread use of capitalist methods to develop China's economy.

In particular, the article called on China to borrow

science and technology from the West along with 'useful' and 'logical' principles of capitalist development.

But while the government appears increasingly willing to allow capitalist reform and technological progress, it hangs tough against political change. On Tuesday, it handed out more prison sentences to dissidents from the crushed 1989 pro-democracy move-

ment.

In a country where signed commentaries are often portents of policy changes and their writers cloaked in Byzantine mystery, Fang's cheerful acknowledgement that he authored the piece seemed out of place.

'Sure it was mine' he said in a telephone interview from Beijing, where he teaches at People's University.

## Foreign banks agree to lend Algeria \$1.5b

ALGIERS (Algeria) Feb 27: A consortium of 240 foreign banks has agreed to lend Algeria 1.5 billion dollar to reschedule its foreign debt, state radio said Wednesday, reports AP.

The military-installed government is likely to interpret the new financing as a sign that it can receive international support despite cancelling January parliamentary elections that Muslim fundamentalists were expected to win.

Algeria's foreign debt is estimated at 25 billion dollar, and debt service consumes a large portion of the earnings from its troubled economy.

The new loan — provided by French, Italian, American, Japanese and Franco-Arab Commercial banks — is to be spread over eight years, with a three-year grace period, the radio said.

## Rouble marks second rise

MOSCOW, Feb 27: Russia's humble rouble climbed further against the dollar Thursday as the central bank raised its fixed 'market rate' for the second time this month, reports Reuters.

The new rate of 90 rouble per dollar compares with 100 per dollar last week and 110 per dollar earlier this month.

The rouble's rise, trumpeted by government officials as a sign that tough financial policies are beginning to bear fruit, was prompted by high demand for rouble and small-scale intervention in currency trading by the Russian central bank.

Russian citizens are now allowed to hold foreign currency and hard currency accounts, but still need travel documents to buy foreign exchange.

Central bank president Georgy Matyukhin last week predicted the central bank would soon be paying 50 rouble per dollar. But Itar-Tass news agency quoted Matyukhin

as saying the only rate which would boost imports would be 20 to 25 rouble dollar.

The central bank has been building up a currency reserve to help stabilise the rouble, a task viewed as a top priority.

Auction rates of over 200 rouble per dollar are a thing of the past. Izvestia newspaper said there were more sellers than buyers at the central bank's weekly trading session Wednesday.

Almost 17 million dollar were offered for sale and only 13.5 million were sold, Izvestia said. 'Naturally the rouble rose again, to 139 roubles per dollar while one week ago it was 170,' it said.

A screen-based market comment from Russian Commercial Bank International Moscow Bank said commercial banks were bidding between 75 and 100 rouble per dollar. Black market traders were offering dollar at 100 rouble, but there were no takers, due mainly to a lack of cash rouble.

# Steady oil income vital for Saudi growth, stability

RIYADH, Feb 27: Oil markets and Saudi Arabia's OPEC partners often try to puzzle why the world's biggest oil exporter follows a policy that keeps world oil prices low, reports Reuters.

Economists and bankers in Riyadh say there is no mystery.

'The kingdom is broke after 10 years in the red,' one western economist said.

After a decade of deficit financing that has wiped out the bulk of Saudi Arabia's foreign reserves, it is determined to hold on to its oil customers to generate a steady income vital for economic growth and domestic political stability.

Saudi Arabia reluctantly agreed at an OPEC conference this month to cut its oil production by 500,000 barrels per day (BPD) to help shore up sagging world prices but refused to go below eight million BPD, a level it insists on maintaining.

The economists and bankers said the now buoyant domestic economy was sustained by a

steady oil income at a time when foreign reserves were at their lowest since the start of the oil boom 20 years ago.

Although the IMF says total reserves stand at about 45 billion dollar, bankers put at 5-10 billion dollar the amount that is readily available for spending.

'They would very much like a higher oil price but not at the cost of reducing their share of the oil market,' an economist said. 'They know that if they reduce their supplies to a market someone else from within or outside OPEC will rush in to replace the Saudi oil. They were the 'swing producer' once. They are determined it will never happen again,' he added.

He was referring to the policy associated with former Oil Minister Ahmed Zaki Yamani where Saudi Arabia would turn the taps on or off to control world oil supplies on OPEC's behalf.

Yamani was sacked after the 1986 world oil price collapse that started Saudi Arabia's slide into the red.

Economists said deficit financing was commonplace in states like the US and Britain which nevertheless spent a lot of time and energy trying to reduce their budget deficit.

It was more serious for Saudi Arabia which runs a virtual one-commodity economy.

'Oil is their major source of revenue. They must secure it,' a Riyadh-based economist said. After spending an unbudgeted 62 billion dollar in 1990 and 1991 to help fund the allied counter attack that expelled Iraqi forces from Kuwait a year ago, the kingdom has projected an eight billion dollar deficit this year.

Although this year's cash needs appear secured, the country in the wake of the Gulf War was embarked on a huge military spending programme and the buoyant domestic economy remains largely dependent on government spending.

The kingdom does not like to borrow because conservative Muslims regard the payment or receipt of interest contrary to Islam's ban on usury.

Yet it had to borrow abroad for the first

time last year and state firms such as the giant oil company Saudi Aramco are having to seek foreign funds for vital expansion plans.

Bankers said firms like Aramco previously sought external financing for a modest 10 per cent of their cash needs, the rest coming from their own resources or state funds.

Now they appear to need some 50 per cent external financing, which explains Aramco's recent 1.5 billion dollar bid from foreign banks, they added.

The government was also tapping the domestic market with among other things weekly treasury bill issues.

But lacking a sophisticated domestic market that could adequately recycle those bills to local investors the banks are having to buy them and there is a limit to their ability to continue to do so, bankers said.

The only fallback is therefore income from oil exports budgeted to a total 32 billion dollar this year that will cover two thirds of its cash needs, the bankers said.

## Business briefs

**China, Kazakhstan agree to trade:** China and Kazakhstan agreed Wednesday to sign several agreements on transportation, economics and trade, and cultural and other exchanges, Kazakh Premier Sergei Tereschenko said, reports AP from Beijing.

'We hope these agreements will allow us to have greater cooperation in the future,' he said at a news conference at the end of a two-day visit to Beijing.

**50 pc Russians live below poverty line:** Nearly one in two Russians lives below the poverty line or is approaching it, Russian President Boris Yeltsin said, according to the Itar-Tas news agency, reports AFP from Moscow.

'A change for the better in the political situation cannot be expected without an improvement in the economic position,' Yeltsin said Tuesday during a meeting with heads of Russian parliamentary committees.

**Operation Provide Hope ends:** Two huge Russian cargo jets packed with food left a US air base on Wednesday, bound for Moscow and St Petersburg. They were the last flights of the airlift called Operation Provide Hope, reports AP from Frankfurt.