

China to get loans from foreign firms

TOKYO, Mar 12: Bank of China Group, Japan's Orix Corp (8591 T) unit, M Orix Asia Ltd, and France's Credit Lyonnais (CLRP) will act as lead managers for a syndicated loan of 20 billion yen to China, and Orix spokesman said, reports Reuter.

The eight-year syndicated loan will be used to fund the construction of six cargo ships and one tanker in Japan, which will be delivered to a Chinese shipping firm, he said.

Five Japanese firms: Sumitomo Corp Leasing Ltd (8592 T), Showa Leasing Co Ltd, Sanwa Bank Ltd (8320 T), Sumitomo Bank Ltd (8318 T), Fuyo General Lease Co Ltd and some foreign firms will cooperate in providing the loan.

The six Japanese firms will jointly provide about 70 per cent of the loans and foreign firms the remaining 30 per cent, the Orix spokesman said. He declined to give more details.

Most Asian economies will grow faster this year

TOKYO, Mar 12: Economic growth in Taiwan and Hong Kong is likely to pick up this year as the slowdowns in South Korea and Singapore gather pace, according to the annual outlook for Asian economies by Bank of Tokyo Ltd, reports AFP.

The forecasts, contained in the bank's latest monthly financial review, said Malaysia's slowdown was also likely to accelerate while the expansion strengthens in Indonesia and Thailand and rebounds sharply in the Philippines.

In its forecasts for the newly industrialised economies, the bank predicted smaller current account surpluses and rising consumer prices in Taiwan, Hong Kong and Singapore. The outlook is the reverse for South Korea where the current account deficit is expected to contract as inflation declines.

Among the less developed members of the Association of South East Asian Nations (ASEAN), Indonesia is the only country expected to incur a smaller deficit in its current

account which measure trade in both goods and services. In Malaysia, Thailand and the Philippines, the deficits are forecast to widen.

The outlook for inflation is also mixed with consumer prices forecast to rise in Malaysia while declining in the other three countries to reflect the impact of tighter monetary policies.

South Korea's growth rate is forecast to fall from 8.5 per cent to eight per cent to reflect slower domestic demand arising from policies implemented in September to check the growing current account deficit and rising inflation.

Partly due to this year's presidential election, inflationary pressures are expected to continue to be strong with the annual increase in consumer prices falling only modestly from 9.7 per cent to 9.5 per cent.

But the South Korean current account deficit is expected to narrow by a third from nine billion dollar to six

billion dollar.

"Exports are expected to stage a solid recovery," the bank said, pointing to an expected recovery in the United States and increased competitiveness due to the recent decline in the won's value.

In Taiwan, the annual rate of growth is expected to climb from 6.8 per cent to 7.5 per cent. Inflation is forecast to fall from an annual rate of nine per cent to 8.5 per cent with the current account surplus widening from 3.6 billion dollar to 3.8 billion dollar.

Hong Kong's expansion is also seen accelerating, boosted by an expected jump in domestic demand as the British colony's mammoth airport construction project gets underway. Growth is forecast to climb from 3.8 per cent to 4.5 per cent.

But inflation, currently the highest among the surveyed economies except the Philippines, is expected to intensify with the rate of increase in consumer prices climbing from 12 per cent to 13 per cent.

The colony's current account surplus, excluding transfers, is also expected to deteriorate, shrinking from two billion dollar to 1.5 billion dollar as strong imports offset an improvement in exports and a bigger travel surplus.

Singapore's growth is forecast to decelerate from 6.8 per cent to six per cent as the country tightens its belt to check inflation and as labour-intensive manufacturers continue to move their bases to Malaysia and Indonesia.

The current account surplus is projected to fall from 2.3 billion dollar to 1.8 billion dollar as the trade deficit expands due to slower export growth.

The rate of inflation is also nevertheless forecast to rise from 3.9 per cent to 4.5 per cent due to the persistently tight labour market.

Indonesia's economy is expected to grow at a faster rate of 6.2 per cent, up from 5.9 per cent, as exports rebound and imports level off. Inflation

is likely to fall from 8.6 per cent to 7.5 per cent to reflect the tight monetary policies, curbs on offshore loans and postponement of big projects implemented last year.

The government will show signs of holding the lid on the investment boom over concern for spiralling imports and the inadequacy of infrastructure," the bank said. As a result, the current account deficit is expected to narrow from five billion dollar to four billion dollar.

Malaysia's growth rate is forecast to fall from eight per cent to 7.5 per cent as tight monetary policies are maintained and as domestic demand slows.

"Problems of labour shortages and wage increase are becoming serious," the report said, predicting inflation to rise from five per cent to 5.5 per cent.

The current account deficit is forecast to swell from 4.2 billion dollar to 4.7 billion dollar as imports remain strong, the bank said, noting that Malaysia suffered its first trade deficit in nine years in 1991.

Thailand's growth is projected to increase from eight per cent to 8.2 per cent following an easing of monetary policy in the second half of last year although inflation is nevertheless expected to fall from 6.5 per cent to six per cent.

"Exports are expected to register a steady upswing, with machinery especially strong, still, since domestic demand will remain firm, capital goods and other imports will rise steeply," the report said, predicting a widening of the current account deficit from 8.5 billion dollar to 8.8 billion dollar.

The Philippines is forecast to post the sharpest acceleration in economic activity, with growth rebounding from 0.5 per cent to 2.5 per cent. Inflationary pressures are also expected to ease with the annual rate of increase in consumer prices falling from 19 per cent to 15 per cent.

But the current account deficit is forecast to widen from 2.5 billion dollar to three billion dollar.

After big animals delegates discuss frogs, flytraps and herrings

TOKYO, Mar 12: With big animal issues behind them, delegates at a conference on international wildlife trade turned their attention Wednesday to frog legs and Venus flytraps, reports AP.

The 112-nation conference of the Convention on International Trade in Endangered Species (CITES) also cleared its agenda of what some delegates called the "red herring" proposal.

Filed by four southern African nations as a protest against a trade ban on elephants and rhinoceroses that they say is unfair, the proposal called for a similar ban on trade in herring.

On Tuesday, lack of support forced the countries — Zimbabwe, Namibia, Malawi and Botswana — to drop a proposal to ease the trade ban on elephants and elephant products such as ivory, meat and hides.

EC fails to agree on farm reform proposal

STRASBOURG (France), Mar 12: The European Parliament failed to agree Wednesday on how to reform European Community farm policy, delaying by at least another month its overhaul of the much-criticised system, reports AP.

The delay will make it difficult for agriculture ministers in the 12-nation trade bloc to meet an April deadline for presenting a reform proposal to stalled world trade talks under the General Agreement on Tariffs and Trade.

Nonetheless, the top EC farm official, Raymond MacSharry, called Wednesday's action "very positive," and said the Parliament had no major disagreements with the major points of his plan.

After voting on several hundred amendments to their farm committee's reform package, the Parliament members appeared to agree with the basic idea of the MacSharry plan: to sever the link between production and payments.

Bank of England strongly defends its decision Treasury Committee accuses Bank of England for delaying BCCI case

LONDON, Mar 12: The Bank of England and other regulators acted too late to stop unprecedented fraud in the Bank of Credit and Commerce International (BCCI), a British Parliamentary report said on Wednesday, according to Reuter.

The all-party Treasury Committee called for a shake-up in surveillance to prevent any other bank operating, like BCCI, as what it called an unpoliced clearing house for terrorists, drug dealers and fraudsters.

BCCI was closed in July by regulators in many nations who feared they were up against the biggest banking fraud in history.

The Bank of England, Britain's central bank, and the Luxembourg regulator, the IML (Institut Monetaire Luxembourgeois), drew most criticism in Wednesday's report.

A minority report by opposition Labour Party members of the committee tried to pin

blame for the BCCI scandal on "negligence" of Prime Minister John Major and colleagues. But the official report targeted the Bank of England.

"The Bank of England was well aware that there were problems at BCCI even as far back as the 1970s," it said. "BCCI was known by the Bank of England to have been involved in terrorist financing as well as drug money laundering in the U.S."

But BCCI, mainly owned by Abu Dhabi interests including the ruler, Sheikh Zaid bin Sultan Al-Nayahan, was not shut down until July 5, 1991, after accountants gave the Bank of England evidence of "massive and widespread fraud."

In response, the Bank of England said in a statement it did not accept the implication that it should have acted sooner because BCCI did not meet minimum criteria for authorisation.

"Those grounds do not in themselves oblige the Bank to

revoke authorisation or to impose restrictions," it said. Such actions would have damaged BCCI creditors, it said, and closing the bank would have caused big losses whenever it was shut down.

The Treasury Committee called for a shake-up of Bank of England procedure, including better audits and on-site probes, and a review of central bank cooperation under the Basle Concordat to ensure that every bank has a lead regulator.

The bank noted the recommendations and said it was already reviewing issues.

Regulators are still unravelling the BCCI empire, founded in 1972 by Pakistani banker Agha Hasan Abedi, but say it may have swallowed as much as 10 billion dollar in fraudulent deals.

The IML, the Treasury Committee said, had never been up to the job of watching BCCI which, while registered in Luxembourg, had the bulk of its operations offshore. BCCI

also largely failed to fall within the regulatory net of the Bank of England.

"We simply do not understand why BCCI should have been the only bank in the world to be given such preferential treatment," the report said in its section on regulation. But it accepted that the scale and nature of the BCCI fraud made it extremely difficult for the Bank of England or auditors price Waterhouse and Ernst and Whinney to spot it. It said that having two auditors for most of its life probably helped BCCI conceal the true facts of its operation.

The fraud was helped by a "collusion of major customers" and an "unquestioning culture of loyalty and confidentiality within the bank" and concentration of power within the hands of Abedi and chief executive officer Swaleh Naqvi, the committee said.

"Warning signs were always there," it said.

Canada opens "Ozone Watch" programme

OTTAWA, Mar 12: Starting Wednesday, Canadians will get weekly reports on the state of the fragile ozone layer on whose protection they depend whenever they go outdoors, reports AP.

The "Ozone Watch" programme has been developed in response to predictions that there could be unprecedented thinning of the ozone layer this spring.

Environment Minister Jean Charest told reporters that he didn't think the thinning of the ozone was a crisis, "but it's an issue we're taking very seriously."

The first "ozone watch" report says ozone levels over Western Canada in the last two weeks were about 15 per cent less than the average at this time of year during 1960-1980, while levels in the rest of Canada were about five per cent less than the average.

Argentina plans to put limit on debt repayment

BUENOS AIRES, (Argentina), Mar 12: As foreign debt talks resumed in New York with Argentina's creditors banks, President Carlos Menem said Wednesday his government intends to put a cap on repayments, reports AP.

The government news agency Telam stated Menem told reporters the cap for Argentina's foreign and domestic debt would be two per cent of gross domestic product.

"In this there is something firm that is not going to change: we are not going to pay more than we should and... two per cent of the gross product is assigned to the payment of the foreign and domestic debt," Menem said.

Argentina's Gross Domestic Product is about 130 billion dollar. Two percent amounts to 2.6 billion dollar.

The size of the domestic debt is unclear, so the portion of a two percent cap that would be available to repay the foreign debt was uncertain.

The government owes 31 billion dollar to foreign banks, including 8 billion dollar in overdue interest. The government is making symbolic payments of 60 million dollar a month.

The government and a steering committee that represents about 360 foreign banks began renegotiating that debt last Jan 30.

The governments principal requests were for a 40 percent reduction of the 23 billion dollar in outstanding principal, or a 50 percent reduction in interest rates. In return, Argentina would exchange existing debt papers for US Treasury zero coupon bonds, which are considered more secure.

Banks offered a 30 per cent reduction of principal, and higher interest rates. Banks also proposed that Argentina pay 1.1 billion dollar in overdue interest. The government offered 400 million dollar.

Dollar drops against yen, shares continue to slide

TOKYO, Mar 12: The US dollar opened lower against the Japanese yen Thursday in Tokyo, while share prices continued their slide in early trading, reports AP.

The 225-issue Nikkei Stock Average dropped 244.01 points, or 1.18 per cent, to stand at 20348.13 after the first 30 minutes of trading. On Wednesday the average fell to its lowest point since Oct 1, 1990, finishing down 262.45 points to 20,592.14.

The Tokyo Stock Price Index of all issues listed on the first section was down 14.57 points, or 0.96 per cent, to 1,463.91. TOPIX hit a five-year low on Tuesday and fell another 16.31 points Wednesday.

On the stock exchange, traders said a new stock scandal which forced the president of Daiwa Securities to resign Wednesday was worrying players.

Masahiro Dozen resigned after admitting that Daiwa, one of Japan's "Big Four" securities firms, could be forced to pay up to 85 billion yen (636 million dollar) in arbitration to clients over questionable trading practices.

Japan's trade unions to challenge LDP's 37-year hold on office

TOKYO, Mar 12: Japan's largest trade union league is eyeing a strong coalition government to end the ruling party's 37-year hold on power, the group's chairman said, reports Reuter.

The Liberal Democratic Party (LDP) has been in office since 1955, partly because opposition parties have been unable to convince the public they are a viable alternative.

Akira Yamagishi, Chairman of the Japanese Trade Union Confederation (RENGO), said his group hopes to change this.

"We are ready to offer all our support to opposition parties so that they can eventually form an alternative government to the LDP," he told a news conference.

Backed by three main opposition parties, a candidate from RENGO defeated an LDP rival in northern Japan on Sunday. Just one month earlier, another RENGO candidate backed by an opposition coalition won a by-election in west Japan. Yamagishi said the eight-million strong RENGO will field over 20 candidates

in July's national upper house elections. "...The opposition must secure victory in the upper house elections," he said.

RENGO, which groups most of Japan's private industry unions, aims to form a strong coalition with the main opposition socialist party and three smaller centrist parties, but not the Japan communist party.

Even if the RENGO-opposition coalition sweeps the July polls, it will not be able to take over government control for it

requires a lower house majority, which the LDP has monopolised for most of the postwar period.

RENGO's emergence coincides with growing voter anger over a rash of political bribery scandals, many linked to the LDP.

Fearful of the RENGO's new-found political strength, LDP members met in an emergency session on Tuesday to discuss means of combating the union's advance prior to the July upper house elections.

win in the Senate, which sent him the bill last month by a 59-39 vote, short of the two-thirds needed. The Senate is due to vote on the veto override next week.

Bush said in his veto message that he shared the objectives of the bill but that presenting Chinese leaders with an "ultimatum" on its Most Favoured Nation trade status with the United States would weaken ties to the West.

Drought of century will affect millions in southern Africa

WASHINGTON, Mar 12: Teams of US and international experts are being sent to southern Africa to assess the impact on food supplies of what in some areas is the worst drought of the century, reports AP.

Officials said million of people will be affected.

Among the hardest hit of the 10 drought-stricken countries are Zimbabwe and South Africa, traditional food ex-

porters which this year will have to import substantial quantities of grain. As the drought persists, estimates of the grain harvest throughout the region have been falling precipitously.

The deteriorating situation in southern Africa adds a new dimension to overall food crisis on the continent. The northeast is the most deprived area in Africa, encompassing Sudan, Ethiopia and Somalia

US House votes to override Bush's stand on China

WASHINGTON, Mar 12: The US House of Representatives voted overwhelmingly on Wednesday to override President George Bush's veto of a bill setting conditions for renewal of China's favourable trade status with the United States, reports Reuter.

But although the 357-61 vote was well in excess of the two-thirds majority required, it was largely symbolic.

Bush is virtually certain to

win in the Senate, which sent him the bill last month by a 59-39 vote, short of the two-thirds needed. The Senate is due to vote on the veto override next week.

Bush said in his veto message that he shared the objectives of the bill but that presenting Chinese leaders with an "ultimatum" on its Most Favoured Nation trade status with the United States would weaken ties to the West.

EC aid to poorer members to create half a million job

STRASBOURG (France), Mar 12: European Community efforts to aid its poorest areas will mean the creation of half a million jobs by the end of 1993, the top EC finance official said Wednesday, reports AP.

The money will be used to improve transport, telecommunications, energy, water and environmental protection.

Reforms bring Delhi nine fold foreign investment

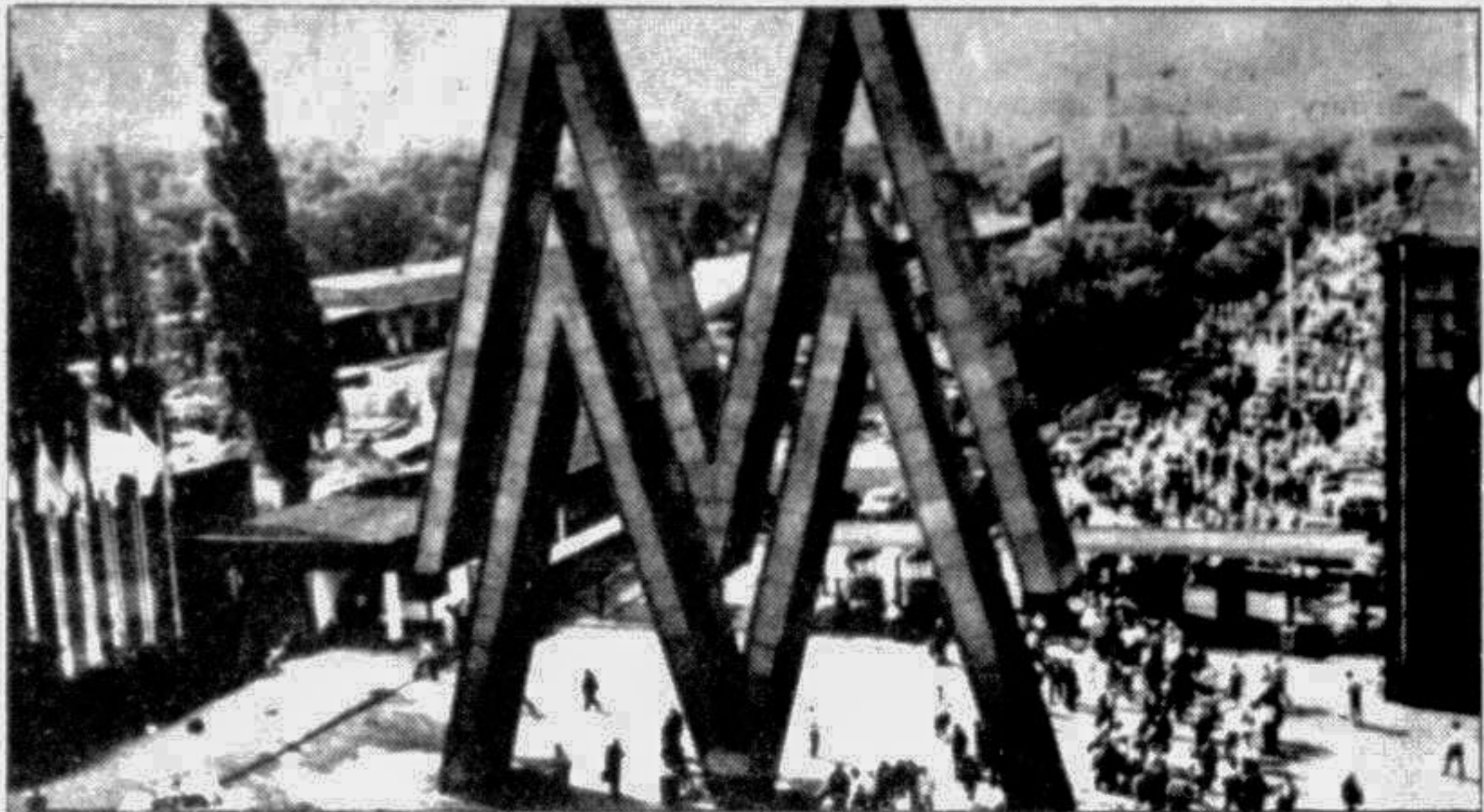
NEW DELHI, Mar 12: India's economic reforms have sent plans for foreign investment in the country spiralling, government figures released in parliament show, reports Reuter.

In the last seven months the government approved foreign investment plans worth 11.4 billion rupee compared with just 1.28 billion rupee for the whole of 1990, a nine-fold increase, according to figures

from Junior Industry Minister P.J. Kurien.

Planned foreign investment fell in 1991 amid worries over India's 71 billion dollar foreign debt, new Delhi cleared plans worth 1.22 billion rupee in the first seven months of 1991.

But Prime Minister Narsimha Rao's minority Congress party government which took office in June devalued the rupee, slashed red tape and welcomed foreign investors.



Hanover Fair '92: 6,000 exhibitors from over 40 countries are expected to take part in this fair. This is one of the biggest industrial fairs of the world which will take place Apr 1-8. —INP photo

Politics add to miseries of starving Haitians

QUINODE (Haiti), Mar 12: Even the nurses wept when Saint Helene Saint Jean brought in her six-year-old son Wilme, a dazed, silent bundle of skin and bones, writes AP.

Saint Jean had carried the boy to the tin-roofed medical clinic from the scorched, eroded hills outside the village, where she had left her six other children at home.

"All of them are dried out like this," she said, "but this one is the worst."

Inside, nurse's aide Danielle Celestin dabbed at her eyes in a side room. The head nurse, Rose Marie Jean Gilles, said, "sometimes you just cry, because all you can give is sympathy."

Jean Gilles gave Wilme medicine, and her mother a lecture and some bags of cracked grain to boil for him and the other children.

She also sent volunteers to Saint Jean's rural neighborhood. "We always do that, to see if there are more people starving," she said.

These days, there often are.

Three months of drought have brought widespread, often crippling malnutrition and sometimes death to Haiti's northwest peninsula. A trade embargo and severe reductions in international aid after a military coup have made the situation even worse.

During a three-day tour of the area, on roads and trails negotiable only by four-wheel-drive vehicle or foot, an Associated Press reporter and photographer saw scores of cases of severe malnutrition and were told of many times more.

Lines of mothers with small, hungry infants and children were a constant, heart-rending presence at hospitals, rural clinics and missions.

On the roads, gaunt youngsters sometimes tried to block the paths of cars and trucks, crying out and slapping their hunger-swollen bellies in appeals for money or food.

In the town of Jean Rabel, Dr Carl Andy Dubois said, "we've had cases of children dying of hunger." Dubois works with Interaide, a French organization.

The 34-nation Organization of American States with the United States in a leading role, imposed severe economic sanctions on Haiti to press for the reinstatement of freely elected President Jean-Bertrand Aristide, who was ousted in a coup Sept 30.

A sweeping trade embargo and sharp reduction in foreign assistance crippled the already weak economy of the poorest, most aid-dependent nation in the Americas.

Sanctions remain as the OAS presses for a political compromise and creation of a consensus government. The new leadership would replace a military-backed regime installed after the coup and be committed to working for Aristide's reinstatement.

International politics seems a distant concern in the northwest, where thatched huts dot the rocky, denuded landscape. Inhabitants try to scratch livings by farming, fishing or turning the few remaining trees into charcoal.

Hunger is a constant and drought all too common. Farmers say there hasn't been a good harvest in three years.

Bad as things always are in northwest Haiti, available statistics show a recent dramatic decline.

Dr Raoul Raphael, Health Ministry chief for the region, said he could document 1,245 new cases of third-degree malnutrition, the severest form, among children in the last three months of 1991.

He said the total did not include the hardest-hit areas of the remote interior and that no 1992 figures were available. Raphael estimated the number of cases had more than doubled since November.

At the Quinode clinic, head nurse Jean Gilles told a visitor she had recorded steady, dramatic increase in second- and third-degree malnutrition cases in recent months.

In February, 82 new children arrived for treatment, she said, compared to 28 in August.

Jean Gilles said she suspected many starving people were not coming to the clinic because they lived too far away, out of shame or because they knew the clinic had no food for them.

The last significant food shipment to the Jean Rabel area was 50 containers of salt fish, 23 sacks of rice and 14 sacks of beans supplied by a private US charity in mid-December.

At Our Lady of Peace Hospital, a long line of mothers with malnourished children sat on

benches and chairs, waiting for medical attention.

"There's so many cases I can't count them," said Mrs Celestin, the nurse's aide. "And there are places where it's too far to walk from. There the children just perish."

The embargo has sharply curtailed freighter traffic between northern port towns, such as port-de-Paix and Cap-Haitien, and the United States. Prices have risen for rice, beans and other basic foods that used to arrive on ships but now must come by trucks that burn scarce, expensive gasoline.

Also, the embargo has interrupted mail service from the United States, cutting the lifeline of many poor Haitians who rely on remittances from relatives in America.

Cedile Valzam is an example. The 61-year-old farmer languishes in his two-room shack in Jean Rabel, his belly swollen by a liver disorder.

Valzam, who has wife and four school-age children at home, used to get 50 dollar to 60 dollar monthly from a son who lives in Fort Lauderdale, Fla. No checks have arrived since the embargo.

Many people have fled the northwest to other parts of Haiti and some join the exodus of boat people bound for the United States.

"Even if they die at sea, they are probably better off than if they'd stayed behind," Celestin said.

US envoys to promote trade in SE Asia: US ambassadors to six Southeast Asian countries will tour the United States this month to promote American exports to their region, reports AP from Manila.

The US Embassy here said the purpose of the tour will be to encourage American firms to explore trade and investment opportunities in the six-member Association of Southeast Asian Nations, where Japan has made major commercial inroads.

US exports to ASEAN have grown by 60 per cent in the past three years and the region is now the third largest overseas market for American companies after Western Europe and Japan.

Brazil to discuss new coffee accord: Brazil is interested in negotiating a new international coffee agreement, including a quota system, for producers, the foreign minister Rezek said Wednesday, reports AP from Brasilia.

"Brazil is not dogmatic about the quota system," said Rezek.

Since Brazil dropped out of the organization in 1989, unhappy with its allotted quota it has rejected any offers to reestablish the system. World coffee prices plunged, however, hurting the economies of producer nations.

Tokyo's trade surplus widens: Japan's trade surplus rose from year-earlier levels for the 14th consecutive month in February, reaching a monthly record 10.23 billion dollar the Finance Ministry said Wednesday, reports AP from Tokyo.

The February surplus was up 102 per cent from a year earlier, the ministry's preliminary report said.

Business briefs