

**Germany rejects EC budget proposals**

BRUSSELS, Mar 17: German Finance Minister Theo Waigel said a proposal for a one-third annual increase in the European Community budget by 1997 was unacceptable to Bonn, reports Reuter.

The package is not acceptable for us in this form," Waigel told reporters after EC finance ministers discussed it. They heard a long presentation from European Commission President Jacques Delors of his proposal for hefty increases in EC spending on foreign aid, industrial policy and to aid to the poor members of the EC over the next five years.

Waigel's statement was the most outspoken reaction yet by a German Minister.

German Foreign Minister Hans-Dietrich Genscher last week avoided specific comment on the Delors proposals at a similar meeting of EC ministers.

Germany is the biggest net contributor to the EC budget and would have to come up with more money under Delors plan.

**Stocks bounce back in Tokyo while dollar closes lower**

TOKYO, Mar 17: The Stock Exchange's main index bounced back moderately Tuesday, one day after its lowest close in five years, while the US dollar finished lower against the Japanese yen.

The 225-issue Nikkei Stock Average gained 80.47 points or 0.41 per cent, closing at 19,917.63. On Monday, the average plunged 618.90 points or 3.03 per cent, to 19,837.16. Its lowest close since 19,531.52 on Feb 16, 1987.

Tuesday's rebound in the average came in the afternoon on index-linked arbitrage buying, traders said.

The Tokyo Stock Price Index of all issues listed on the first section, which was down 19.14 points Monday, shed 10.99 points or 0.76 per cent to 1,433.87.

An estimated at 350 million shares changed hands, up from Monday's 240 million shares.

The dollar closed at 133.32 yen, down 0.98 yen from Mondays close and also lower than its overnight finish at 133.90 yen in New York. After opening at 133.75 yen, it ranged between 133.10 yen and 133.93 yen.

As of 3 pm (0600 GMT), the benchmark No 129 10-year Japanese government bonds rose to 105.68 points from Monday's 105.42-point finish. Their yield fell to 5.380 per cent from 5.425 per cent.

**Korean Airlines plans service to Hiroshima**

Korean Airlines (KA) plans to commence a scheduled service to Hiroshima in Japan three times a week from July, 1992.

"Hiroshima is recognised as a city of great historical interest and a significant destination for tourists and business people alike," said Simon Heale, Chief Operating Officer of KA.

The city's position as a major gateway to western Japan is an important step for KA in further extending services into Japan.

The new service to Hiroshima, when approved by the governments concerned, would be the second Japanese destination served by KA in addition to the scheduled services to Kagoshima in southern Japan since 1988.

**Asia will become world's manufacturing centre**

TOKYO, Mar 17: Asian countries outside of Japan will become the main manufacturing centre for the rest of the world with several emerging as leading producers of high-technology items, according to Sanwa Bank Ltd, reports AFP.

The bank noted in its latest monthly economic letter that several Asian countries already lead the world in the production of many goods.

Singapore is the world's biggest producer of hard-disk drives, Taiwan is the largest manufacturer of computer monitors and polyester fibre and Hong Kong is the leading

maker of headphone stereos and radio-cassette players.

Especially with respect to electronics and textiles, the region is expected to grow into the world's principal manufacturing sector.

"Although many of the products made in the region were previously such relatively inexpensive items as monochrome televisions, calculators and radio-cassette players, production of expensive items has begun," it said.

Taiwan is soon likely to overtake the United States as the world's biggest producer of personal computers, the bank

said, adding that Malaysia was expected to lead in the production of video cassette recorders.

"The traditional labour-intensive manufacturing industries of many Asian countries are continuing to branch out into high-technology fields and the domestic consumer markets of each country are growing to create important sources of regional demand," the report said.

Demand in Asia is growing at a 'startling' rate, making the market for a growing number of products comparable with the United States and

Europe. "While the rest of the world is characterised by increasingly recessionary conditions, Asia has become the only region to maintain a trend of expansion," it said.

The bank said the industrial machinery and cement industries were likely to be the best performing sectors in Asia in terms of earnings this year.

Profits are likely to remain flat in the iron and steel, fibre, car, electronics and retailing sectors while earnings are projected to fall in the petrochemicals sector.

**China's press rules out chaos**

BEIJING, Mar 17: China's official press, continuing an offensive by supporters of paramount leader Deng Xiaoping, has lashed out at fearful officials who worry that moving quickly on economic reforms would lead to chaos, reports Reuter.

The Economic Daily, organ of the State Council, China's cabinet, said in an editorial there was no need to fear that fast reforms would result in a crisis like the Great Leap Forward — China's greatest economic disaster this century — or economic overheating.

"If you fear a wolf at your front and fear a tiger at your

back, if you put stability above all and don't dare to do this and don't dare to do that, then when the conditions are all there you will miss a great opportunity," it said.

The ruling politburo of the Communist Party last week staked its future on economic reform and checking the power of Marxist hardliners who put ideology first.

All major newspapers have trumpeted the reformist line of the 87-year-old Deng since the politburo decision.

Analysts said there was still an intense power struggle going on within the Communist

Party before a party congress scheduled for late this year.

While Deng and his supporters had won a major battle, opponents of fast economic reform had not given up trying to emphasise ideology and keep powerful and influential positions.

But in another sign that economic reformists have the upper hand, China's parliament, which opens its annual session on Friday, will take as its main theme speeding up economic development, the New China News Agency said.

The parliament, called the National People's Congress,

will discuss making inefficient and money losing state enterprises more responsive to market forces, the agency said.

Reformers led by Deng have urged that China learn lessons from capitalism in order to have economic prosperity, something they think can help ensure continued political control by the Communist Party.

The current drive for reform, the Economic Daily argued, is not like the Great Leap Forward of 1958, when communist ideologues pushed rapid economic growth but created economic chaos and a devastating famine.

**Republicans blame Democrats for bad check scandal**

WASHINGTON, Mar 17: Republicans on Monday blamed the scandal at a US congressional bank on long-time democratic control of the House of Representatives as legislators hurried to confess they had written bad checks, reports Reuter.

The election-year scandal involving the house bank has ignited outrage among US voters who see the bank as yet another congressional prerogative that is unavailable to ordinary people.

"I think that in the sense that the House bank scandal is a metaphor for the kind of arrogance that comes inevitably with 38 years of one-party rule that, yes, it is of the dimensions of Watergate," said representative Guy Vander Jag of Michigan, Chairman of the Republican Congressional Campaign Committee. The Watergate budgeting scandal brought on the resignation of President Richard Nixon in 1974.

**Interest rates likely to fall in Britain, says forecast**

LONDON, Mar 17: Interest rates in Britain are likely to fall 1.5 points to nine per cent by the end of this year, the National Westminster Bank forecast on Monday, reports AFP.

The bank also forecast that in the middle of the year sterling would be taken into the narrow band of fluctuation within the European Monetary System (EMS).

Sterling is likely to be relatively stable during the next few months, Natwest economist David Kern said. This was despite uncertainty before the general election on April 9 which was undermining the pound now.

The pound fell to 2.8577 mark early on Monday. This was slightly above its permitted EMS floor level.

Kern said the recession was coming to an end but that recovery would be "slow and protracted," and would be marked by a continuous increase in unemployment during the next 12 months.

**Dollar finishes lower in New York**

NEW YORK, Mar 17: The US dollar was marginally lower against most major currencies Monday as traders awaited the release of new economic indicators. Gold prices also fell, reports AP.

Many players chose to stay on the sidelines before Tuesday's release of government figures on housing starts, industrial production and consumer prices.

"There was no incentive for heavy trading today," said Mike Faust, an analyst with MMS International.

However, it was unclear how much Tuesday's data would move the dollar.

The greenback's recent advance came amid increased optimism that the economy was regaining its strength.

The US currency ended the day in New York at 133.90 yen, up from 133.825 on Friday. In Tokyo, the dollar rose 0.75 Japanese yen to 134.30 yen; in London, it was quoted at 133.90.

The dollar fell to 1.6620 mark in New York from 1.6685 Friday. In European trading, the dollar fell to 1.6650 German mark, from 1.6660.

The pound gained against the US currency, rising to dollar 1.7220 in New York from dollar 1.7085 Friday. In London, sterling rose to dollar 1.7170 from dollar 1.7120.

**Morocco gets \$275m for readjustment**

RABAT, Mar 17: The World Bank has lent Morocco 275 million dollars as a final contribution to its economic readjustment programme, the official news agency MAP said, reports Reuter.

Under an accord signed in Washington on Friday, the loan will finance liberalisation of foreign trade and reform of state spending and social services, the agency said.

Designed to straighten out the country's finances, the readjustment programme was started in 1985 at the behest of the International Monetary Fund (IMF). In a recent report the IMF said Morocco had met most of the programme's targets and was in a position to move from an assisted to a vi-

able economy.

The IMF granted Morocco a standby credit of 129.2 million dollars last month.

Later the Paris Club of creditor nations agreed on what officials described as "a major final reorganisation of the external debt" of Morocco. It agreed to reschedule over 20 years 1.15 billion dollar of Morocco's external DPT which Finance Minister Mohammed Berrada said recently totalled 21 billion dollar.

Officials have said the latest World Bank loan and the IMF and foreign debt accords will enable Morocco to forge ahead with economic liberalisation. The government is due to make the dirham convertible in January.

**Jakarta invites Delhi for joint ventures**

NEW DELHI, Mar 17: Visiting Indonesian Industry Minister Hartarto invited Indian businessmen Monday to set up joint ventures with his countrymen, reports AFP.

Indonesia now imports capital goods worth four to five billion dollar annually and would welcome Indian collaboration in industries that would reduce the import burden, Hartarto said.

At a meeting with representatives of the Federation of Indian Chambers of Commerce and Industry (FICCI), the Minister called for closer commercial links between Indian Indonesia for "mutual benefits."

They could joint hands to produce goods targeted for third countries, Hartarto said, adding Indonesia enjoyed a strong competitive edge in such areas as agro industries, oil and gas, marine products

and textiles.

FICCI officials said India's Ballarpur Industries Ltd, had finalised a joint venture agreement with PT Rajadason to manufacture paper and rayon. The unit, to be set up in Indonesia, will produce 300,000 tonnes of paper and rayon annually.

Xinhua adds from New Delhi: The Indian government has cleared 893 foreign investment proposals involving a total of 114,418 million rupee (about 447 million US dollar) since the announcement of its new industrial policy last July, the Economic Times reported here.

The paper quoted official sources as saying that the list of approvals contained the names of a number of multinationals, such as General Motors, Coca Cola, IBM Suzuki and Siemens.

**Foreign investors flood Hong Kong bourse**

HONG KONG, Mar 17: Foreign money, including huge amounts from American institutional investors and—of all places—mainland China, is flooding into the Hong Kong market, analysts say, giving it a further push toward the sky, reports AP.

While the Tokyo Stock Exchange is slumping, Asia's third biggest bourse has broken six records this month, propelled by optimism about China's reforms and fat earnings reports from leading companies.

On Friday, Hong Kong's Hang Seng index rose solidly, closing up 28.85 to 5,071.66, marking a gain of 4.6 per cent over the last four days.

On Monday the market's key indicator of blue chips lost 11.33 points, closing at 5,059.86. Brokers attributed

the downturn to profit-taking following record rallies over the past three sessions.

The market has jumped 18 per cent so far this year, the most of any major exchange in the world.

In comparison, the Tokyo Stock Exchange is down almost 11 per cent. The Tokyo Stock Exchange's leading index plunged Monday to its lowest close in more than five years.

The fall took the 225-issue Nikkei Stock Average below 20,000 points, long considered a psychological barrier, but there were no signs of the panic selling predicted by some analysts. The index plunged 618.90 points or 3.03 per cent, closing at 19,837.16, its lowest close since 19,531.52 on Feb 16, 1987.

**US lead in innovation lost, say producers**

CHICAGO, MAR 17: Nearly nine out of 10-sized US manufacturers say the United States has lost or is losing its lead in product innovation, according to a survey released Monday, reports AP.

Half of the 250 executives interviewed for the study said the United States already has fallen behind as a developer of new products. Another 38 per cent said the United States is still No 1 in product innovation, but others are catching up.

Of the 50 per cent that said the United States has fallen behind, 75 per cent said the new leader is Japan. Thirteen per cent said Germany.

"If there's hope in the find-

ings, it's that US manufacturers recognise and admit the problem," said Richard C Jacobson, a partner in the Chicago-based accounting and consulting firm Grant Thornton, which commissioned the survey.

"Understanding the competitive implications could spark new initiatives in product innovation," Jacobson said.

The results were from a nationwide telephone survey conducted Nov 4 to Nov 22 of executives of US manufacturers with annual sales of up to 500 million dollar, Jacobson said. The Wirtlin Group, an independent research organisation, conducted the survey, which has a margin of error of plus or minus 6 per cent.



ERZINCAN (Turkey): Residents of the quake hit town here dig in the debris of their house that was destroyed by the earth quakes. Standing in the background is a tent of the Turkish Red Crescent which has become their new home. — AFP photo

**Kuwait's oil output rises to 750,000 BPD**

NICOSIA, Mar 17: The oil output in Kuwait has risen to 750,000 Barrels Per Day (BPD) compared with 630,000 BPD last month, the Middle East Economic Survey (MEES) reported Tuesday, reports Xinhua.

About 610,000 BPD are produced in Kuwait proper and 140,000 BPD in the divided zone shared with Saudi Arabia, the Nicosia-based oil newsletter estimated.

Kuwait's Oil Minister Abdullah-al-Raqaba, in a plan worked out earlier this year, predicted that the country would turn out oil of average 710,000 barrels a day in March, 846,000 barrels a day in the second quarter, 1.07 million in the third and 1.5 million at the end of the year.

Before the Gulf crisis sparked off by Iraq's invasion of the Emirate, Kuwait produced 1.5 million barrels of oil a day in accordance with the quota set by the 13-member Organisation of Petroleum Exporting Countries.

More than 730 out of the 900 oil wells in Kuwait were damaged or set afire by retreating Iraqi troops in February last year.

**Delay may cost the whole deal**

**GATT must reach accord by April**

BRUSSELS, Mar 17: A deal in long-stalled world trade talks has to be struck by mid-April or it may be delayed at least until next year or lost altogether, European Trade Commissioner Frans Andriessen said on Monday, reports Reuter.

Andriessen and Gareth Evans, Australia's Minister of Foreign Affairs and Trade, agreed at a meeting that they should do their utmost to meet the deadline GATT Director-General Arthur Dunkel has set ending talks that have dragged on for over five years.

Asked after a news conference what would happen if the April deadline lapsed,

Andriessen said: "I'm afraid the whole business is lost... if there is no solution in April, there's no solution before the end of the year."

He told journalists he thought the run-up to the US presidential election in November was creating a less favourable atmosphere for solving the remaining problems.

Andriessen has said previously that if the talks were to drag past April the election campaign would be in full swing, increasing protectionist pressures in the United States, and the negotiations might lapse.

The Uruguay Round of GATT (General Agreement on

Tariffs and Trade) negotiations has been dogged with difficulties over agriculture.

The United States and the European Community, both farm exporting giants which rely heavily on subsidies to sell their produce abroad, cannot agree how to curb farm support.

The EC is holding more bilateral talks this week to try to resolve its difficulties with the United States, Andriessen said.

Australia chairs the 14-Nation Cairns Group of countries which do not rely on export subsidies to push their produce to world markets. Evans said he was being equally hard on both the

United States and the EC.

But Evans said the pair need not think they could strike a deal to suit themselves and expect the rest of the world to go along with it. "It's absolutely crucial there's no quick fix between the US and EC."

He said Australia was prepared to compromise in GATT over the way the EC revamped its payments to its farmers under a new system it is planning.

Dunkel himself has already indicated he understands work on finalising a GATT package may well have to go on for a further few weeks beyond his mid-April deadline.

**Last communist bastion mired in worst crisis**

HAVANA, Mar 17: Cuba, one of the world's last communist bastions, is mired in the worst economic crisis of its modern history, but Cuban leaders say the island is coping, reports Reuter.

Rocked by the disappearance of its main trading partner and supplier, the former Soviet Union, the country has so far defied predictions of those who said its economy would collapse in a matter of months.

Its leaders have adopted a varied survival strategy which combines such basic solutions as boosting food production with ambitious forays into the sophisticated worlds of foreign investment, tourism and biotechnology.

"It's a critical time, the most critical we have ever known," Carlos Aldana, a close aide of President Fidel Castro, told Reuters in an interview. But he added: "we can see light

at the end of the tunnel, we have ways out."

The crisis, coupled with a tightening US economic embargo, has hit living standards and brought hardships and frustrations for Cuba's more than 10 billion people.

But so far there is no sign of hunger or chronic poverty, and education and health services are still running.

The island's rulers have introduced drastic austerity measures affecting almost every aspect of daily life.

Euphemistically described by the government as the "special period," they include across-the-board rationing of food and consumer goods, transport cutbacks, tight fuel restrictions and nationwide limits on electricity use.

The symptoms of crisis are visible. Long lines form daily at state shops and at bus stops. The number of cars on the roads has fallen sharply, to be

replaced by bicycles. In the countryside, oxen now do the work of tractors.

At night, street lighting in Havana and other cities has been reduced, plunging parts of them into semi-darkness.

"The order of the day is survival, everything else is subordinated to that," Aldana, a leading member of the Politburo of the ruling Communist Party said.

But he said he believed Cuba had got over the initial shock of losing its main source of external support for 30 years the preferential trade and aid ties it enjoyed with eastern Europe and the now defunct Soviet Union.

"The nation is functioning," he said.

The government was moving to restructure the island's trade relations and introduce new concepts of management efficiency, cost-effectiveness,

job productivity and competitiveness to the Cuban economy without altering its basic socialist character.

This process could take several years, he said.

The crisis had forced the closure of some factories, especially in the textile industry. The state might not be able to guarantee full employment in the future, but it would leave no one unprotected, Aldana said.

He believed the austerity period was teaching the nation to be more self-sufficient and make better use of its resources.

An emergency national food programme, under which tens of thousands of Cubans have been sent to work on state fruit and vegetable farms, was already producing results, he said.

But the country's main export crop, sugar, which it now needs more than ever to barter

for oil, food and spare parts, had suffered from the fuel shortages. "Without giving figures, (this year's sugar harvest) will be below what we had planned," Aldana said.

The 1990/1991 crop totalled 7.6 million tonnes.

One of the government's brightest hopes was in foreign investment, where Aldana said there had been a genuine opening up by Cuba towards foreign capital, technology and markets.

"Sine we have such a bad reputation as socialisers and nationalisers, I believe we have to give guarantees for foreign investment," he said.

French, Spanish and Italian investors were taking advantage of this, while United States businessmen were missing out because of their government's embargo, he added.

Tourism was the main investment area so far. "There

are already hundreds of millions (of dollar) tied into tourism and the outlook is for thousands of millions," Aldana said.

Oil refining was another investment possibility, he said, because Cuba had a large refining plant. Foreign oil companies were exploring for oil on and around the island.

Aldana also saw prospects for "thousands of millions" of dollar of future business in Cuba's genetic engineering and bio-technology industries, for example, through the export of vaccines.

Cuba was currently receiving limited supplies of oil under a sugar-for-oil exchange agreement with Russia. These imports were below past levels and its national needs.

Cuba has so far signed trade or cooperation accords with at least seven former Soviet republics.

**Business briefs**

**EC's fisheries policy fails:** The fisheries policy of the European Community (EC) has been "a failure" because it has not been enforced and fishing capacity might have to be cut by 40 per cent, EC Fisheries Commissioner Manuel Marin said here on Monday, reports AFP from Madrid. He also suggested that trawlers be tracked by satellite signal, in remarks to the Daily newspaper El Pais.

**India to dispose big coal stock:** Nearly 5.7 million tonnes of coal, of different sizes and grade, have been offered for unrestricted sale in the first phase of the plan to liquidate 20 million tonnes of coal stock, reports PTI from Calcutta.

According to a spokesman of the public sector Coal India Ltd (CIL), the coal will be delivered from the existing as well as specially created stockyards in the respective coalfields with proper loading facilities for prompt servicing of customer orders.

**EC, US discuss aircraft subsidy:** The European Community and the United States were locked in crucial talks on Monday to solve a five-year dispute over aircraft subsidies, EC and US officials said, reports Reuter from Brussels.

The two days of talks could determine whether Washington lodges a long-threatened complaint with the world trade watchdog GATT (General Agreement on Tariffs and Trade) over the whole range of EC government support to Airbus industry.