

Gold prices plunge to six year low

LONDON, Mar 18: A wave of selling swept the international gold market for the second straight day on Tuesday sending prices tumbling to lows last seen in mid-1986, reports Reuters.

The market was awash with rumours over the catalyst for the sell-off, but senior bullion dealers said the source appeared to be an East European central bank, outside the former Soviet Union, selling to raise urgently needed hard currency.

The gold seems to be for set quantities at specific prices. Somebody has to sell or they wouldn't be doing it at this level, one dealer said.

Gold, fading in lustre in recent years as a haven for investors in troubled times, touched 336.75 dollar an ounce in early afternoon trading in London.

That was its lowest intraday level since June 1986, but it recovered to an afternoon fix — a twice-daily price setting among major London bullion dealers — of 339 dollars.

On Monday it had closed in London nearly five dollars down on the day at 342.25 dollar.

Delhi to have computer aided centre for trade information

MADRAS, Mar 18: The India Trade Promotion Organisation (ITPO) newly created by the merger of the Trade Fair Authority of India (TFAI) and Trade Development Authority (TDA) will develop a comprehensive computerised trade information centre in New Delhi in the next six months, Moosa Raza, ITPO chairman, said Wednesday, reports PTI.

The proposal for an investment of Rs. one crore in the centre had already been cleared and orders placed for the hardware, he said.

Raza told newsmen that he had sought the assistance of the Indo-German export project while the internal work had already been started.

The machinery would be in position by the middle of current year.

He said ITPO was being designed as an umbrella organisation on the pattern of the Japan Export Trade Organisation (JETRO) and similar bodies abroad with a view to rendering knowledge and market promotion assistance to Indian companies.

South African finance markets shaky as votes are on

JOHANNESBURG, Mar 18: South African financial markets opened cautiously but steady as white voters went to the polls to decide the future of President F W de Klerk's non-racial democratic reforms, reports Reuters.

Dealers said most markets were optimistic he would win a majority "yes" vote on his talks with blacks on a non-racial constitution. But nervousness would prevail until the result was announced, they said.

The Financial Rand — a barometer of foreign investor sentiment — was weak but off its Monday closing low. It was trading at 3.92/94 against the dollar from 3.97/99 on Monday.

Shares on the Johannesburg Stock Exchange were trading at or around their closing levels as the market remained jittery but tended to believe a majority "yes" would be recorded.

"It's holding up surprisingly well," a trader said. The overall index reflected nervousness in falling 14 points to 4,358.

Germany invades Poland: This time with Deutsche Mark

RACIBORZ, Poland, Mar 18: The soap plant near the tracks was owned by Germans until the region was seized by Poland and its people expelled at bayonet-point in a brutal postscript to World War II.

Now the town and its workers are Polish, but Germans own the factory again, reports AP.

German investment is slowly flowing back into Silesia, decades after the Germans were forced to give it up.

In fact, Germany is leading all Western countries in investment in Poland, as it does across Eastern Europe. The Foreign Investment Agency in Warsaw counted 1,516 German-Polish ventures through October of last year, compared with 436 US-Polish ventures.

In the largest such deal, the German chemicals giant Henkel in December bought 80 per cent of the Pollena-Raciborz soap manufacturer for 10.3 million dollar. It also promised to invest 17.6 million dollar.

Poles steeped in decades of anti-German propaganda look

on warily. But from the assembly line worker worried about the next paycheck to the regional governor looking for investments, they are learning to live with it.

"Germany is a vast country which on one hand we must fear. But on the other hand we must work together with it, economically and culturally," said Wojciech Drop, Deputy President of Opole, a provincial capital down the Oder River from Raciborz.

At the soap plant in Raciborz (pronounced rah-CHEE-bush), workers are still waiting to find out exactly what German ownership will mean for them.

But they are already enjoying more money. Wages rose 40 per cent in January to between 180 dollar and 210 dollar a month, said Bronislaw Tomalik, the plant's Technical Director.

The fact that the buyers were German caused no fears in the plant, said Tomalik, although "a few isolated voices" in the town complained.

"For a worker it means stability of employment, decent working conditions and a

decent salary," he said. At the plant, where the air is filled with the scent of perfumes used in making soap, employees voiced support for the deal but there also was an occasional hint of apprehension.

"Some say they promised no layoffs, but what about ordering holidays without pay? They could do this and then we would have no money and no work," said Viktor Romowicz, a machinist.

Located near the Czech border in southwest Poland, Raciborz was the German city of Ratibor until 1945.

Poles from eastern lands taken over by the Soviet Union were settled in this area when its German inhabitants were evicted. The German heritage survived mainly in the architecture: Gothic churches, red-roofed farmhouses and solid burgher homes.

Communist officials denied that there was a remnant German population, and the German language could not be taught.

But since the collapse of communism in 1989, Silesia's ethnic Germans proved their

existence at the ballot box, with seven now sitting in Poland's 460-seat Sejm, the lower house of Parliament.

A German-Polish friendship treaty last year settled any lingering question about German territorial claims and obliged Poland to respect the rights of its citizens of German origin. Nevertheless, there still is concern that Germany will try to win back with its powerful Deutsche mark what it lost in World War II.

German dominance of investment in Silesia poses a "basic threat," said Janina Kraus, a parliament member elected from the Western Union, a party pledged to defend the region's Polishness.

The entire privatisation process has been subordinated somehow to certain foreign interests," she said.

But Tomalik, the soap plant official, said he'd have no qualms in recommending German owners to other factories.

"Our experience shows it is not that horrific," he said the plant already is offering free German lessons to employees who want them.

Japan to waive sanitary restrictions on Thai food import

BANGKOK, Mar 18: Japan will buy from Thailand frozen marine food and chilled meat without sanitary restrictions, according to a report from the Thai foreign trade department Wednesday, reports Xinhua.

The report said Thai foreign trade department will soon sign a Memorandum of Understanding with Japan's Public Health Ministry to authorise the Thai Public Health Ministry to issue health certificates for both products to be exported to Japan.

Thailand and four other nations, the United States, Canada, South Korea and Singapore, have been chosen by Japanese authorities to enjoy registration system privileges to help them reduce access difficulties to the Japanese market.

The system will start in April this year and continue until next March.

Thailand and Japan agreed to adopt the new system after Japanese authorities accepted the Thai government's performance in issuing health certificates and recognised that Thai factories are up to Japanese standards.

Pakistan's trade deficit soars alarmingly

ISLAMABAD, Mar 18: Pakistan trade deficit has soared to 2 billion US dollar during the first eight months of the current fiscal year against the target of 1.9 billion dollar set for the whole fiscal year, said Federal Commerce Minister Malik Mohammad Naeem Khan, reports Xinhua.

The minister told newsmen at a dinner here Monday evening during the July-February period of fiscal 1991-92 the imports increased unprecedentedly to six billion dollar against the total exports of around four billion dollar.

He attributed the widening trade deficit to a manifold increase in the import of raw material and machinery as an eventual outcome of the government's new trade policy for the liberalization of economy.

In the remaining four months, the situation will not be better than today, the minister observed while commenting about the overall expected trade performance for the entire 1991-92 fiscal year.

According to the minister, in the first eight months of the current fiscal year which ends

on June 30, 1992, the exports increased only by 11.3 per cent against the corresponding period last year while the imports increased by 24.2 per cent as compared with the corresponding period a year ago.

Pakistan has set an export target of 8 billion dollar for the current 1991-92 fiscal year, which the minister said there was little possibility of achieving.

Reuters adds from Karachi: Pakistan's trade deficit narrowed sharply in February to a provisional 193 million dollar, compared with a revised figure of 308 million dollar in January.

The federal Bureau of Statistics said exports rose to a provisional 575 million dollar compared with a revised figure of 495 million dollar in January and 465 million dollar in February last year.

Exports of raw cotton, cotton yarn, petroleum products and towels rose sharply in February.

Trade gap narrows substantially India announces major policy shift over foreign exchange

BOMBAY, Mar 18: In a major relaxation to facilitate expeditious release of foreign exchange for import of capital goods, the Reserve Bank of India Tuesday announced that authorised dealers were now permitted to release foreign exchange without any ceiling, reports PTI.

At present, authorised dealers are permitted to provide foreign exchange for import of capital goods upto the value of 50 lakh rupee for each transaction.

In conjunction, the RBI also announced that it had decided to remove all its restrictions on the utilization of foreign currency loans and credit lines with financial institutions for financing import of capital goods.

Financial institutions are, at present, allowed to extend credit facilities only upto five million US dollar in each case out of the foreign currency loan and credit lines available with them for financing import of capital goods.

The RBI pointed out that, at present, a number of licences both for import of raw materials and capital goods contained specific financing pattern. The pattern of financing indicated in such licences was no longer obligatory in view of the Liberalised Exchange Rate Management System (LERMS), it said.

Accordingly, it had been decided to provide access to foreign exchange market rate in all such cases irrespective of the financing pattern indicated in the licences.

The RBI has asked the authorised dealers and financial institutions to keep these instructions in view while dealing with applications relating to import of capital goods.

India's foreign exchange reserves have exceeded 131 billion rupee (about five billion US dollar), reports Xinhua.

This was the highest level of foreign exchange reserves India had held for quite some time, official sources were quoted by local press as saying Wednesday.

The reserves hovered around 114 billion rupee (4.35 billion US dollar) a month back. They dipped to less than 20 billion rupee (0.76 billion US dollar) a year ago, only enough to meet less than two weeks imports.

Xinhua adds from New Delhi:

India's trade deficit has come down to 38,310 million rupee (about 1,500 million US dollar) in the April-January period, fiscal 1991-92 (beginning April) from 39,060 million rupee (153 million US dollar) of the corresponding period of the previous year, reports Xinhua.

According to figures released by the Commerce Ministry, the decline in trade deficit is largely due to import compression which continued till January, 1992.

PTI reports from Thiruvananthapuram: Spices export in the country during the current financial year will exceed the Rs 300 crore target, the Union Deputy Minister of Commerce, Salman Khurshid said here.



Hong Kong: A floor trader gestures during this morning's session at this stock exchange Mar 18 as shares in Hong Kong and Shanghai Banking Corp slumped three HK dollar after the bank's announcement it would acquire all of Britain's Midland Bank. — AFP photo

US trade deficit declines sharply

WASHINGTON, Mar 18: America's foreign trade deficit narrowed sharply to 8.62 billion dollar last year as the recession, strong export growth and allied contributions to pay for the Gulf War all combined to give the country its best trade performance in nearly a decade, reports AP.

The deficit in the current account, the broadest measure of the country's performance with the rest of the world, shrank dramatically from a 92.12 billion dollar imbalance in 1990.

The deficit also declined in the final three months of the

year, dipping to 10.27 billion dollar compared to a revised 11.62 billion dollar in the third quarter. The current account is considered the best gauge of America's standing with the rest of the world because it measures not only trade in merchandise but also trade in services and investment flows between countries.

Almost one-half of last year's improvement reflected payments made by Japan, Saudi Arabia and other American allies to defray US military costs in the Persian Gulf. Another report adds: US

consumer prices rose 0.3 per cent in February, driven up by higher food and apparel costs for the sharpest gain in three months, the government said Tuesday. Energy prices continued to fall.

The Labor Department's Consumer Price Index had risen 0.1 per cent in January, the smallest increase since a similar gain last July. Inflation rose 0.2 per cent in December and 0.4 per cent in November.

Excluding the volatile food and energy categories, consumer prices were up 0.4 per cent in February, the steepest advance since a similar gain

last September.

If the overall February increase were the same for the next 11 months, it would result in an annualised increase of 3.5 per cent. For the first two months of 1992, it was up 2.2 per cent at an annual rate.

However, most economists expect prices to rise between three per cent and 3.5 per cent this year. That would be a bit above the 3.1 per cent CPI advance last year, which had been the lowest since a 1.1 per cent increase in 1986.

But the increase would be far less than the 6.1 per cent jump in consumer prices in 1990.

Tokyo to give \$124 m as aid to Lima

TOKYO, Mar 18: Japan promised a new package of aid to Peru worth 16.5 billion yen (124 million dollar) Tuesday, giving further support to President Alberto Fujimori's economic reconstruction plan, a Tokyo foreign ministry spokesman told reporters, reports Reuters.

The package consists of 13 billion yen (98 million dollar) in yen loans and a grant of 3.5 billion yen (26 million dollar), he said.

"Peru has registered remarkable progress in controlling inflation and achieving economic discipline," ministry spokesman Masamichi Hanabusa said. "It is really impressive. We consider Peru a model of economic and political reform in Latin America."

Hanabusa said his government would also increase the number of Peruvian engineers to be trained in Japan from the current 120 a year to about 170.

Fujimori, son of Japanese immigrants to Peru, arrived in Tokyo on Sunday for a week-long visit.

The new aid package follow a 400-million-dollar loan Japan provided Peru last December in coordination with the inter-American development bank and a 3.5 billion yen (26 million dollar) grant extended to Lima in March 1991.

Fujimori on Tuesday became the first Peruvian president to deliver a speech to the Japanese parliament, pledging that his country would become a model for economic development patterned on Japan.

Uganda suspends food export

NAIROBI, Mar 18: Uganda has suspended food exports due to drought conditions now prevailing in the country and other East, Central and Southern African nations, state owned Radio Uganda reported in a broadcast monitored here on Tuesday, reports AFP.

The radio quoted Commerce, Cooperatives and Marketing Minister Richard Kajjuka as saying that exports of maize, beans, cassava, millet, sorghum, groundnuts, peas and rice had been suspended until further notice.

The measures are aimed at safeguarding our food stocks to avoid widespread shortages in the country," the radio quoted Kajjuka as saying.

Even the dead enjoy social security in USA!

WASHINGTON, Mar 18: About 81 per cent of the people in America who die are collecting social security benefits — pensioners, widows, the disabled. Too often the checks keep going out after their deaths, an internal investigation says, reports AP.

DACUS — Death Alert, Control and Update System— is a programme that runs on the system's main computers. It takes in death records from the 50 states and other sources and checks them against the list of beneficiaries. A report by Richard Kusserow, Inspector General of the Department of Health and Human Service says the programme often rejects information— some deaths are not recorded. The report said rejected information is not corrected and fed back into the system quickly.

An auditor, who spoke on the condition of anonymity, said there was no estimate of how much money was being paid to people who have died. The inspector general's report, issued last month, said repairing the problems would have allowed the system to record an additional 172,105 deaths in 1989.

In all, 2.1 million people in America die every year; 1.7 million of them are getting money from the system, the report said.

"Social Security recovers most of these incorrect payments after death," the auditor said this week.

Beneficiaries have to file an income tax form the federal government sends out every year. If that form comes back as undeliverable mail, the person is presumed dead. The checks stop.

The computer system has recorded the deaths of 50,000 people receiving benefits before their mail was returned, the auditor said.

The system also is supposed to prevent fraud. "In some cases, people have perpetrated fraud by getting the Social Security number of a dead person and filing for benefits," the auditor said.

Social Security already has made improvements in the computer program and has said it will do more, Kusserow's report said.

\$3b investment in China since late '80s Taiwan's lawmakers press for pact with Beijing

TAIPEI, Mar 18: Taiwan's parliament on Tuesday adopted a resolution demanding that the government sign an investment guarantee pact with the island's arch-rival China, reports Reuters.

Parliament unanimously passed a binding motion introduced by 18 legislators calling for a pact with China to protect Taiwan's rapidly growing investments there.

The cabinet's Mainland Affairs Council, which drafts policy towards China, instructed the Economics Ministry to begin drafting an investment pact last week.

But in a sign of opposition to the pact within the government, Vice Economics Minister Chiang Pin-Kung subsequently said signing an agreement was unlikely in the near future because political tensions remained too severe.

A binding parliamentary motion allows legislators to hold a vote of no confidence in the government if it is not implemented by the cabinet.

Economists estimate Taiwanese businessmen have poured three billion US dollar into China since the late 1980s. Both Taipei and Beijing claim sovereignty over all of China including Taiwan.

Taiwanese businessmen have been pressing their government to sign an investment pact to protect them in legal disputes with the communist government in Beijing.

The pact would be the second signed between Taiwan and China. The first signed in 1990, covered the repatriation of illegal immigrants and criminals.

Parliament also passed a non-binding motion calling on the government to allow a senior Chinese official to attend his mother's funeral in Taiwan.

The government said last week it would not allow Zhang Kehui to come to Taiwan because he was a member of the Chinese Communist Party, which is outlawed in Taiwan.

Big Flyers outgun, outmotor, outman HK police

TO LO HARBOR (Hong Kong), Mar 18: Every day at about sunset, a flotilla invades this island-dotted inlet miles (kilometers) from the lights of downtown Hong Kong, writes AP.

Put-put sampans sneak along the rocky coast scurrying as lookouts. On land, trucks loaded with fancy automobiles, TVs and even fruit bounce to lonely outcroppings.

Then come the shock troops.

Big, steel-reinforced speedboats roar into the dark waters and bob in the shallows as an army of dark-clad men pack them with goods. Then they zoom back to China.

night industry run by organised gangs in Hong Kong and China.

If Hong Kong police try to stop it, they risk ramming by the boats, which have 1,200 horsepower and can travel at more than 90 miles (140 kilometers) an hour. In two years, the boats have killed two officers.

They are the seaborne version of a tank with the engine of a Ferrari, and that's no exaggeration," said Barry Decgan, commander of the Marine Police, who has watched the colony's waters become a smugglers' free-for-all in the last few years.

The main target is luxury cars, a symbol of status in status-crazed Hong Kong. Mercedes, Toyota Crowns and

BMW's are stolen and quickly shipped out.

Among those who have lost vehicles are four legislators, the attorney general, the labour and treasury secretaries and the head of the securities commission.

True to Hong Kong's reputation as an efficient place to do business, it takes a gang two minutes to load a speedboat, known in Cantonese as "Big Flyer," with crates of VCRs or an automobile. In one operation, a gang took 14 minutes to steal a car and get it onto a boat, Decgan said.

Most of the cars are taken to China, but some have gone as far as Malaysia. Singaporean police found two stolen Mercedes from Hong Kong in a container bound for Cambodia.

Australian police have investigated a case in which cars stolen in Hong Kong were bartered for heroin from Thailand.

Bilateral efforts to stop the smuggling is hampered by the involvement of high Chinese officials, police say.

In November, Hong Kong police spotted uniformed members of the People's Armed Police moving a stolen vehicle onto a boat. The Chinese got away after pointing automatic weapons at the police.

Hong Kong has outlawed Big Flyers, but China has not.

Smuggling became a major industry in this British colony in the mid-1980s when economic reforms began taking hold in southern China. Now,

the freelance "import-export" companies move everything from electronic goods to cars to fruit, especially mangos, beloved by the Chinese.

Almost everything sells at a 100 per cent markup in China, said Basil Lim, commander of an anti-smuggling task force Hong Kong established last year.

He estimates smugglers average 1.25 million dollar a night, making 20 round-trips, and that 80 per cent of the traffic passes through To Lo Harbor. Recently, Big Flyers were reported making up to 30 trips a night.

The implication is troubling for the future of Hong Kong, which passes into Chinese hands in 1997.

On the border of Hong Kong and China, two centuries collide.

Southern China is like an industrializing country in the 19th century. Corruption and crime run parallel with break-neck growth.

Next door, Hong Kong is trying to remake itself into a services center for Asia. Corruption, once rampant, has been largely stamped out.

To stop smuggling at To Lo, the police have tried stringing a fence across the (kilometer and a half) mile-wide harbor, chasing the big speedboats in rubber dinghies and facing 100 men with 50 officers.

"We're outgunned, outmotored and outmanned," Decgan said. "It's a tough fight."

Business briefs

ADB grant for Himalaya: The Asian Development Bank (ADB) has approved a 595,000-dollar technical assistance grant to help the International Center for Integrated Mountain Development (ICIMOD) build a geographic database on the Himalaya, a bank statement said reports AFP from Manila.

The grant would help the ICIMOD upgrade and maintain a geographic database on geomorphology, soils, land use, vegetation and selected environment-related factors in the Hindu Kush Himalayas region, it said.

Indonesia strikes oil and gas: The French oil firm Total Indonesia has found offshore oil and gas in east Kalimantan, the Indonesian state oil and gas company Pertamina announced Wednesday, reports AFP from Jakarta. The Janu-1 well off the Delta of the Mahakam river was found to yield 2,597 barrels of oil and 0.97 million cubic feet of gas per day, a Pertamina statement said.

Dimond worth HK \$3.1m missing: Diamond worth some 3.1 million Hong Kong dollar (397,000 US) was found missing here Tuesday shortly after the opening of a jewellery fair, a police spokesman said, reports AFP from Hong Kong.