

India has become a land of opportunity, says minister Top western bankers ask Delhi to open market fully to foreign investors

NEW DELHI, Mar 25: India urged foreign investors Tuesday to put their money in key sectors like steel and oil, saying it was on the verge of an economic revolution after opening up its once tightly-regimented market, according to agencies.

Commerce Minister Palanipattan Chidambaram said "massive investment" was about to flow into India's "core" sectors of hydro-carbons, power and telecommunications but citing no figures.

At an international conference on "doing business in India—opportunities and challenges," he called for overseas investors to put more funds into such areas as steel, oil, road and bridge constructions and power installations.

But, two senior western bankers have poured cold water on major reforms to India's protected economy that have been warmly welcomed by local businessmen.

"Some of the attitudes and comments one does here are undoubtedly over-enthusiastic," ANZ Grindley's Bank Chief Economist David Ashby told an investment conference on Tuesday.

"India has waited too long," said Michael Von Clemm, Executive Vice President of Merrill Lynch and Co, referring to plans to open Indian stock markets to some foreign investment.

"India has a great deal of hard work to do in selling itself," Von Clemm criticised government plans, unveiled in the 1992/93 budget (April-March), to open up its boom-

ing exchanges only to "reputable" foreign investors, such as pension funds.

"I think this is a red herring of a great order. When you start making value judgements about the value of investors, you are inviting suspicion and inviting trouble," he said, urging India to open up its markets completely to foreign investors.

Chidambaram told delegates, who include international bankers, of the advantages that India offered.

India has become a land of opportunity, has the distinct advantage of international division of labour, guarantees investment and has a large, prosperous and growing middle class population numbering 250 million, he said.

India was on the threshold of a "veritable revolution" after throwing its doors open to foreign technology and investment and removing the shackles that bound domestic industry and enterprise, Chidambaram said.

And, he added, "India never reneged on any obligation whether it related to debt servicing, interest payments or repatriation of dividends."

"Say here's the whole market and let the investors make the changes. If it is done quickly, that will move India to the ranking it deserves among the markets," Von Clemm said.

Ashby said India's wooing of foreign investors might not bring the hoped-for flood of money.

countries, like Mexico," he said. "We live in a capital-hungry world with competing demands."

India now allows foreign companies to take a majority stake in joint ventures and has streamlined the approval process.

The cautions by the two bankers contrasted with Commerce Minister P Chidambaram's passionate appeal for investment to some 700 delegates from 24 countries attending the conference.

"India is on fast-forward," Chidambaram said. "India is a land of opportunity. If you have the money, we have the opportunity."

Chidambaram said India particularly wanted foreign investment in power, telecommunications and hydrocarbons.

He said the government was close to giving final approval to projects in all three sectors that "all adds up to massive investment."

He gave no details but said announcements were expected in the next few weeks.

A US banker testified to India's potential, bracketing it together with the Philippines, Thailand and China as the countries to watch out for in the future.

John Ncomber, President of the US Export-Import Bank, said the quarter had "great" international trade and business potential and were on their way to taking the place of such countries as Taiwan, South Korea and Singapore.

He praised Indian efforts to loosen its former quasi-socialist economy, adding that the benefits would start flowing soon.

Bombay Stocks on bull rampage

NEW DELHI, Mar 25: Indian stock prices have rocketed to dizzy heights in an unprecedented bull rampage that defied all market logic and baffled most analysts press reports said Wednesday, reports AFP.

The Bombay Stock Exchange's (BSE) Sensitivity Index (SENSEX), which measures the movement of 30 blue chips shot up a record 426 points Tuesday over the previous day's close in a mad scramble, the reports said.

The index climbed to 3,688 another record, as too many buyers chased scarce scrip. The BSE's National Index gained 190.26 points and ended the day on 1,665.03.

Associated Cement Companies, Tata Steel and Textile and petrochemical giant Reliance Industries led the sudden bull charge Tuesday.

Bears have almost been wiped out from the market, the Times of India said quoting brokers as saying there was no fundamental reason for the leap.

ernment unveiled a path breaking budget February 29 that scythed through a maze of government controls and opened the economy further to market forces.

Aggregate market capitalisation is now estimated at the equivalent of 92 billion dollar, bringing India close to such countries as South Korea and Taiwan.

Newspapers said Tuesday's frenzy on Dalal Street, where the BSE is located surprised market pundits.

The Economic Times said the only reasons seemed to be a "growing shortage of shares being chased by too many buyers with share holders reluctant to part with their scrips."

Government owned financial institutions have been unloading the holdings to cool down the overheated market, but the markets rebounded Tuesday in a sudden burst of speculative buying the Economic Times said.

Even institutional investors seemed to be holding back to be able to reap the benefits from a rising market.

Investors have switched from bullion to stocks after New Delhi liberalised gold imports in the budget and the bullish sentiment has been fanned by hopes of more tax breaks as well.

Everyone seems to feel that this is the most opportune time to make a quick buck...and nobody is even willing to consider the possibility of a slump in the near future it said.

The jump represented a 900 point or 33 per cent rise in the SENSEX since the gov-

Bush rules out good GATT pact minus 'fair deal' on agriculture

WASHINGTON, Mar 25: US President George Bush said on Tuesday there could be no good agreement on stalled world trade talks unless they included a "fair deal" on agriculture, reports Reuter.

Bush and German Chancellor Helmut Kohl met at the weekend in hopes of breaking an impasse in the talks aimed at liberalising world trading practices under the General Agreement on Tariffs and Trade (GATT).

Both said they would like to reach an accord by April 15. The trade talks, involving 107 nations, began in 1986.

Aluminium output in West static

LONDON, Mar 25: Western world production of aluminium remained at 39,700 tonnes per day for the third consecutive month in February, the latest International Primary Aluminium Institute (IPAI) figures showed Tuesday, reports AFP.

Production was 90,000 tonnes lower than in February 1991, when it stood at 40,600 tonnes.

Total production for the month fell to 1.151 million tonnes from 1.23 million in January, compared with 1.137 million in February 1991.

IPAI estimates of total aluminium production per area, in thousands of tonnes:

Area	Feb 1992	Feb 1991
Africa	48	47
North America	463	450
Latin America	156	162
East/South Asia	104	94
Europe	262	270
Oceania	118	114
Total	1151	1137



LONDON: A British bobby looking across the river Thames at County Hall, the former home of the Greater London Council, which was sold to the Shirayama Group of Osaka, Japan. The group intends to turn the building into a hotel, apartments and conference centre. —AFP photo

Congress may not okay NAFTA in '92

WASHINGTON, Mar 25: An ambitious trade pact that would link the United States, Mexico and Canada in the world's largest regional trading bloc has virtually no chance of passing the US Congress this year, US and Mexican officials say, reports Reuter.

The leaders of all three countries negotiating the North American Free Trade Agreement (NAFTA) say they are fully committed to the pact, which would create a market of 360 million people—bigger than the European Community (EC) and the European Free Trade Association (EFTA) combined.

Officials say the talks are being conducted in an atmosphere free of the friction and

rancour that marked similar negotiations for a US Canada free trade pact which will be flooded into NAFTA.

But vast differences remain in key areas, from agriculture and textiles to automobiles, energy and banking. The 400-page draft treaty is dotted with brackets denoting lack of agreement.

"Some of these brackets are easy to remove, others are very difficult," Mexican President Carlos Salinas de Gortari said recently. He added he was confident the agreement would go through the US Congress.

Even in the best-case scenario—full agreement and signatures today—NAFTA would

unlikely be ratified by Congress before the end of the year.

As US trade representative Carla Hills explained last week: "If we were to sign an agreement... this afternoon, March 19th it would not be before Congress until June 19th."

"And then Congress has an aggregate 90 session days to vote on the implementing legislation, assuming that (it)... were introduced as a bill the very first day, June 20th. There are not 90 session days between June 20th and the end of the year."

While contracting the 90-session day timetable would be possible, she said, it would require "enormous enthusiasm" on the part of Congressional leaders.

However, there is no sign of such enthusiasm in an election year in which the US economic recession is dominating the campaign and the free trade pact could be used to push one of the most sensitive buttons—jobs.

NAFTA opponents argue that the trade pact would lead to the loss of American jobs as US factories moved to Mexico to take advantage of low wages.

Experts such as Hills insist the pact would actually create American jobs because NAFTA would spur US exports to Mexico. Since the Salinas government opened its economy and lowered import barriers, US products have begun flooding the market.

GM's 'smart cars' are not that smart

ORLANDO (Fla), Mar 25: "Smart cars" designed by General Motors Corp can steer drivers away from clogged roads, but a GM executive discovered to his chagrin on Tuesday that they can't avoid every obstacle, reports AP.

GM Vice President Robert Frosch climbed into one of 100 Oldsmobile Toronados fitted with computers, video screens and other equipment that monitors highway conditions and plots the most efficient course to a given destination.

Moments later, Frosch ran over an orange traffic cone inadvertently left in front of the car.

"I believe it has been crushed," Frosch said. But Frosch eventually made it to downtown Orlando in fine time, following directions dictated by a Swedish-sounding computer voice nicknamed "Sven" by GM engineers.

The cone-crushing was the only gaffe in the day's formal unveiling of GM's travel technology, or "TravTek." The plan is to put all 100 cars on Central Florida roads for one year.

US transportation Secretary Andrew Card told a small crowd at Orlando's ExpO Center that the technology puts the United States well ahead of Japanese and German competitors.

"This is not just a toy," said Card. He said the technology, also being tested in California and Illinois, could translate into jobs and exports.

The Federal Highway Administration is one of five major partners underwriting the 12 million dollar joint venture. GM, Florida's transportation department and the American Automobile Association and the city of Orlando also contributed funding.

Avia Rent-a-Car System Inc will lease 75 of the vehicles. The rest will be rented to local drivers.

Riyadh halves taxes, duties, cuts prices

RIYADH, Mar 25: The Saudi government has decided to slash by half taxes and customs duties in the ports of the kingdom, Minister of State Fayez Bader said Thursday, reports AFP.

Bader, quoted by the official SPA news agency, said the measure concerned "all consumer goods, food products as well as industrial equipment."

The cut in taxes and customs duties is also expected to cost the state some 213 million dollar annual.

Reuter earlier adds: Saudi Arabia has slashed petrol prices by 37 per cent for domestic consumption, the state-run Saudi Press Agency (SPA) reported Tuesday.

King Fahd also ordered price cuts on other services to ease the burden of the cost of living on the citizens, SPA quoted Saudi Information Minister Ali Hassan Al-Shaer as saying after a cabinet meeting.

The pump price of petrol will fall by 20.4 halalah (5.2 US

cent) per litre to around 33 halalah (8.6 cent) per litre. Filling up a car in Saudi Arabia already costs the least in the world. Before the 37 per cent cut, motorists paid around five dollar to fill an average passenger car.

Local telephone calls will become free of charge after the decision. Shaer did not say when the cuts will take effect.

Shaer said the price of cooking gas would also be cut by 30 per cent, water by 50 per cent while electricity would become up to 28.5 per cent cheaper.

Saudi Arabia, the world's biggest oil exporter, has boosted oil production by 60 per cent to around 8.5 million barrels per day (BPD) since the 1990 Iraqi invasion of Kuwait caused a shortage in supplies.

It now pumps around eight million BPD in line with an OPEC agreement reached last month to stabilise oil prices.

Japanese firms offer lower wage this year

TOKYO, Mar 25: Reflecting Japan's economic slowdown, major Japanese companies Wednesday offered average wages increases of less than five per cent, the lowest in four years, Japan's largest labour group Rengo said, reports AFP.

Companies from steel, electrical, automobile and shipbuilding and heavy machinery sectors presented offers averaging about 4.8 per cent to respective unions, down from 5.65 per cent last year, according to the 7.61-million worker strong Rengo.

Unions from these four key sectors are expected to accept the offers, Rengo officials said.

Unions had asked for average wage rises of at least eight per cent.

Officials said unions were forced to accept the smaller wage hikes in view of Japan's economic slowdown.

Japan's industrial production has fallen for four consecutive months between October and January, the longest uninterrupted decline in nine

years. Steelmakers offered and average 3.63 per cent raise, while automakers proposed 4.8 per cent, and electric machinery makers offered an average 5.05 per cent rise, Rengo said.

Unions demanded shorter working hours, and steelmakers offered two extra days holidays a year to daytime workers, but other companies failed to make definite offers, the officials said.

The labour ministry has called on labour and management to cut annual working hours to 1,800 a year by fiscal 1993, ending March 1994, from 2,016 hours in fiscal 1991, which was 500 to 400 hours longer than their US and West European counterparts.

Wednesday's offers by the four key industries management will be followed by negotiations between management and unions of private railways firms.

Unions are threatening to go on a 24-hour strike Friday if they do not get package increases they think satisfactory.

London gold market nervous, basic trend still downward

LONDON, Mar 25: Gold prices "tried to stabilise" here on Tuesday, operators said, but the market was nervous and analysts said the precious metal's basic trend remained downward, reports AFP.

Last week, gold prices fell to their lowest level since mid-1986 due to sales attributed to East European central banks.

The yellow metal was trading here at 338 dollar an ounce at the end of the morning on Tuesday, against 337.75 dollar at the morning fixing and 338.75 at the Monday close. It fell last week as low as 336 dollar an ounce, the lowest level since June 1986.

The downturn set in at the end of February, when gold dipped below the psychological threshold of 350 dollar an ounce, and it intensified early last week in the wake of substantial sales on the physical market (estimated at several dozen tonnes), which unconfirmed rumours had coming from East European central banks.

Michael Spriggs, an analyst at S G Warburg Securities House, commented on Tuesday that "once gold had fallen below 350, we had entered - not quite uncharted territory - but an area of very little support all the way down to 325 dollar an ounce."

"Some dealers seem to think it will consolidate at current levels but Andrew Smith an analyst at UBS Phillips and Drew brokerage, explained that Complex operators in New York had made small purchases for purposes of regular coverage after gold prices fell in Europe early last week, a fact that has reduced, from the technical viewpoint, the potential for a strong rebound."

He said, "there is uncertainty about the source of selling and about whether there is more to be done. Some people think there is more to come. That is why they are not rushing to buy". In the meantime, the most one can expect on the upside is a "gentle drift up."

Business briefs

Marijuana trafficker held in Tokyo: Authorities said Tuesday they have arrested a Filipino for allegedly smuggling into Japan 23 kilograms of marijuana valued at 110 million yen 833,000 dollar in street sales, reports AP from Tokyo.

A Tokyo Customs official said customs officials using X-rays discovered 11.8 kilograms of marijuana hidden inside a wooden desk sent by air on March 3 and another 11.2 kilograms hidden in similar furniture four days later.

Stock market in Vietnam sought: Ho Chi Minh city, Vietnam's commercial hub, needs to set up a capital market and a stock market to mobilise resources from local private companies, the city's mayor said in an interview published on Tuesday, reports Reuter from Hanoi.

Mayor Nguyen Vinh Nghiep told a group of national assembly deputies that a pilot capital market and a stock market would get private companies involved in a national economic development.

Clinton lobbied for bond deal: Arkansas Gov. Bill Clinton lobbied lawmakers to approve a lucrative state bond contract that benefited a political backer who later pleaded guilty to cocaine possession and distribution charges, the Los Angeles Times reported Monday, says AP from Los Angeles.

Clinton's lobbying on the multimillion-dollar contract for a new police radio system came at a time when the backer was publicly known to be the target of a cocaine investigation, the newspaper said.

Basic prices steady in Moscow: Prices held fairly steady Tuesday on basic goods like bread and matches despite reports that the few remaining state-set controls were to be lifted in Moscow stores, reports AP from Moscow.

Shoppers were seen loading up on salt "one of the goods due to be decontrolled - in anticipation of higher prices." On Feb 29, President Boris Yeltsin had ordered price controls lifted on bread, sugar, salt, cottage cheese, powdered milk, cooking oil and matches, but left it up to local authorities as to when to implement his decree.

After Soviet collapse Castro out to make new friends

RIO DE JANEIRO (Brazil), Mar 25: The collapse of the Soviet Bloc cost Cuba nearly all of its oil and most of its friends, so Fidel Castro is searching the world for new trade partners, reports AP.

Cuba has signed nuclear and oil deals with Brazil, Iran and North Korea, and is approaching other countries from Argentina to central Asia with offers of joint ventures and swaps of food and raw materials.

For 30 years, the former Soviet Bloc provided Cuba with 86 per cent of its imports, including oil, at artificially low prices.

In public, Castro defies international pressure for reform of his state-run economy and one-party politics, but foreign capital is slowly penetrating the communist island.

In January, Cuba signed a deal for the state oil monopoly Petrobras to drill for oil offshore and modernize Cuba's refinery, a Soviet-built plant in Cienfuegos that runs at well below its daily capacity of 180,000 barrels.

Cuba, which produces only a tenth of the oil it needs, also wants Brazil's deep-water drilling technology and special prices on gasoline, lubricants and cooking gas.

(3,300 feet). Petrobras will get near-exclusive drilling rights in Cuban waters, where the French oil company Total started exploring last year.

"Brazil alone won't save Cuba, but we're an important step toward breaking their isolation in Latin America," said Frederico Afonso, vice president of the Brazil-Cuba Chamber of Commerce.

Brazil sees itself as a natural leader in Latin America and has maintained unofficial ties with Castro despite a decades-old trade embargo on Cuba led by the United States.

Anti-communist generals who ruled Brazil in 1964-1985 often looked the other way when businessmen flew to Havana via Peru to sell equipment for processing sugar and alcohol.

Halfway across the world, Cuba signed five-year deals in February with the former Soviet republics of Tajikistan and Kyrgyzstan. Tajikistan produces oil and coal; Kyrgyzstan grows wheat, cotton and beef.

It also has signed a two-year nuclear cooperation accord with Iran. The Cubans are building a Soviet-designed reactor at Juragua, 193 kilometers (120 miles) east of Havana, to replace 2.4 million tons a year of petroleum imports.

North Korea has agreed in a three-year pro-

toocol to help Cuba complete a hydroelectric plant. Last year, it gave Castro a \$75 million credit line for the project.

Cuba also wants to trade pharmaceuticals, which it manufactures, for agricultural technology. Brazilian agronomists are using small-scale cattle projects to help increase productivity and teams of scientists regularly visit Cuba to organize biotechnology swaps.

The North Koreans have promised to increase the barter of agricultural and industry machinery and manufactured goods for Cuban sugar, nickel, tobacco and other products.

Even American firms have sharply increased grain and wheat exports to Cuba, using foreign subsidiaries to dodge the embargo.

US companies sold \$56 million in food to Cuba in 1988. The figure doubled in 1989 and jumped to \$500 million last year.

Cuba also is stressing cultural ties with Latin neighbors, especially Brazil, which has similar Afro-Iberian roots.

A 25-day, 400,000 dollar festival in January called "A meeting with Cuba" drew thousands of Brazilians to Niteroi, a satellite city of one million across Guanabara Bay from Rio.

Vilma Espin, Castro's sister-in-law, led an 80-member delegation that presented Cuban ballet, films, food and entertainment in replicas of the famous Havana bars La Bodeguita del

Medio and La Floridita.

One hundred Brazilian artists, politicians and projects made a "solidarity flight" to Cuba on February 7, carrying cash donations and medical supplies.

Not all Latin Americans are enthusiastic about trade with Cuba. Argentine businessmen, for example, wonder whether Castro's successor will honor the joint-venture deals he makes.