India further liberalises foreign trade

NEW DELHI, Apr 1 : The government on Tuesday announced more economic freedom in foreign trade, saying the liberty was aimed at rejuvenating the economy, reports AP.

The new export-import policy aims at further liberalising foreign trade to make it account for about 20 per cent of the Gross Domestic Product, Commerce Minister P Chidambram told reporters.

The government of Prime Minister PV Narasimha Rao has outlined its programme to open India's insulted economy, shed public companies and raise living standards of hundreds of millions of rural poor.

Chidambram's statement, released by Press Trust of India news agency, supported the impression from officials in Rao's government that India is serious about reversing policies that made it's economy one of the world's most protected.

Chidambram said the new foreign trade policy, applicable from Wednesday with the beginning of new fiscal year, stipulates fewer restrictions, gives greater freedom to trade and less administrative controls.

Foreign investment in India — a vast potential market of 844 million people — has been held to less than dlrs 200 million a year by a jungle of red tape and limits on taking out profits.

Rao, who ascended to the leadership of the Congress Party after the May 21 assassination of former premier Rajiv Gandhi, took office at the head of a minority government on June 21.

In his first two weeks, he devalued the currency twice for a total of 20 per cent and announced trade reforms that streamlined exports and eliminated subsidies.

The moves were intended to restore international confidence.

Steps to improve industry urged

PTI adds from Calcutta: YS Rajan, Adviser to the Department of Science and Technology, government of India, has strongly advocated the need for using titantum, engineering plastics, special metallic alloys and several forms of composites in order to improve Indian industry and service sectors.

Rajan said that in steel production, India was poorly placed at number 1 by world standards, with China as fourth and Brazil as eighth, and called for increasing the quantity as well as quality of steel production while delivering a lecture entitled "A glimpse of technologies: A vision for India", here Monday.

Rajan who received the Jawaharlal Nehru Birth Centenary Award for 1991-92 here said that USA, Japan, Europe and some of the Newly Industrialised Countries, including China, were aggressively pursuing some of the areas of materials, manufacturing, electronics and information and life sciences from concept to commercialisation phases.

India, he said, should not shy away from learning from others or borrowing or buying technologies from others whenever and wherever possible.

Rajan said that while concentrating on emerging areas, the country should remember that many of the so-called conventional technologies like steel and alloys required continual upgradation as they were not yet obsolete, especially in the Indian context. India, he said, had still to complete several decades of growth.

He said that a fairly impressive industrial infrastructure, both in public and private sectors, had grown up in the country mostly with imported technologies which had contributed to the growth of "our" economy.

But presently, most of them were without upgradation to meet the challenges of "liberalisation" and "globalising" economy, he said.

Stressing that the single-most important issue was to find productive employment for teeming millions of "our" people Rajan said that a problem closely associated with employment was to provide a durable set of human settlement.

Another PTI report adds: India might get a small share of the world market for space products and services, currently estimated to be around seven billion US dollar which was likely to grow at the rate of about 10 per cent per annum in the nineeties, according to YS Rajan, adviser to the Department of Science and Technology, government of India.

It was possible for India, besides meeting its own domestic needs, to get at least a small share of market for some satellite, satellite sub-systems, ground systems and also sub system of launch vehicles, Rajan said here yesterday while delivering a lecture entitled "a glimpse of technologies: a vision for India."

Rajan, who was here to receive the Jawaharlal Nehru Birth Centenary Award 1991-92 conferred by the Indian Science Congress Association, said that India which was a major actor in the solid propellant technology also successfully tested the world's third largest motor.

The country, he said, also had large production capabilities in solid and liquid propellants, motor cases and guidance and control packages.

CAMERA ON A SILICON CHIP: This low-power-consuming stamp-sized video camera can be produced for about $25 using world-leading technology developed by research scientists at Edinburgh University, Scotland. Potential applications for the new micro-camera technology include security, machine vision, medical imaging, robotics and consumer products. — LPS photo

ASEAN economies grew 6.1 pc in 1991

KUALA LUMPUR, Apr 1 : Real output in Association of Southeast Asian Nations (ASEAN) increased by 6.1 per cent in 1991, according to Malaysia's central bank, reports Xinhua.

Although the GDP growth rate was lower than the 7.7 per cent recorded in 1990, the six-member group's performance in 1991 was relatively buoyant against a backdrop of global economic slowdown, the bank said in its just-released annual report for 1991.

Malaysia stood as the strongest growing economy in 1991, with real GDP increasing by 8.8 per cent, the bank said.

It said the manufacturing sector continued to provide the main impetus to the output growth in 1991 for the ASEAN region. In Malaysia the sector expanded by 13.9 per cent with higher out put in electrical and electronics and other products.

Inflation in ASEAN members accelerated to nine per cent from 7.9 per cent in 1990 as a result of higher prices of petroleum products, supply constraints and increased labour costs in some countries, the report said.

In Malaysia, consumer prices rose by 4.4 per cent last year from 3.1 per cent a earlier.

Employment continued to rise in ASEAN last year with Malaysia recording an unemployment rate of 5.6 per cent against six per cent in 1990.

The bank projected a higher real output growth of 6.5 per cent for ASEAN this year in line with the pick-up in economic activity in the industrial countries and a moderate inflation rate of 6.6 per cent due to restrictive monetary policy introduced by most of ASEAN countries since 1991.

Aeroflot's future in doubt

MOSCOW, Apr 1: Seventy per cent of the aircraft that make up the fleet of Aeroflot, the world's largest airline, have reached the end of their "useful life" and the company's future in doubt, Interfax news agency said Tuesday, reports AFP.

Aeroflot, which accounts for 85 per cent of Russia's international traffic and 90 per cent of domestic flights, "can no longer handle the growing demand for passenger and cargo service" due to the number of outmoded aircraft slated for retirement, the report stated.

Aviation experts said the company planned to introduce a new generation of aircraft, including the Ilyushin 96-300 and the Tupolev -204 , but was unlikely to do so by scheduled deadlines due to financial problems.

Pay of Lithuanian ministers, govt staff suspended for rouble crisis

VILNIUS, Apr 1 : Lithuanian Prime Minister Gediminas Vagnorius suspended the pay of Ministers, Members of Parliament and government and central bank staff on Tuesday because the country is running short of rouble, reports AFP.

The government had decided on Monday to delay the payment of rents and other housing charges for one month because people were unable to pay.

Delays in the payment of salaries and pensions are common in Lithuania which continues to use the rouble as a national currency.

Lithuania plans to introduce its own currency, the litas, but has not yet announced a date for the change.

The former Soviet Union recognised the independence of Lithuania in September.

Pindi to give up slow moving foreign aided projects

ISLAMABAD, Apr 1 : The Pakistan government has decided to abandon those on-going aided projects which show no signs of progress in a bid to accelerate the consumption of foreign assistance, according to the local daily 'The Muslim' Tuesday, reports Xinhua.

The assurance to terminate the no progress projects is extended in a memorandum scheduled to be submitted to the Aid -to-Pakistan Consortium meeting next month in Paris, the report said.

In quoted the memorandum as saying the step to abandon the projects has been taken to speed up the utilisation of foreign project aid.

According to the memorandum, over the period of 1977-78 to 1990-91 project aid commitments to Pakistan have grown at an annual compound rate of 9.2 per cent whereas disbursements have fallen behind at an annual rate of eight per cent, creating an increasing pipeline due to slow utilization.

The expansion in the project aid pipeline of about 10 billion dollar is however not entirely attributed to the slow utilization but also to the project cycle which takes four-to-five years on average to complete.

Shares in Tokyo slump

TOKYO, Apr 1 : Share prices finished sharply lower Wednesday despite a 0.75-percentage point cut in the discount rate intended to stimulate business activity. The US dollar moved higher against the Japanese yen, reports AP.

The 225-issue Nikkei Stock Average fell 764.16 points, or 3.95 per cent, closing at 18,581.79 The average shed 323.36 points, or 1.64 per cent, on Tuesday.

It was the lowest closing for the Nikkei since Jan 13, 1987, when the average finished trading at 18,544.05.

The Tokyo Stock Price index of all issues listed on the first section shed 58.85 points, or 4.15 per cent, to 1,339.67. The TOPIX posted a 11.63-point decline Tuesday.

As of 2:51 pm (0551 GMT), the dollar was changing hands at 133.80 yen, up 0.75 yen from Tuesday's close. It opened at 132.45 yen after finishing overnight at 132.85 yen in New York.

Pak growth rises to 6.4 pc

ISLAMABAD Apr 1 : Pakistan's economic growth is expected to be 6.4 per cent in the year to June compared to an average five per cent in the previous three years, Planning and Development Minister Hamid Nasir Chattha said, reports AFP.

Chattha was quoted Tuesday by the national press as saying agricultural growth this year was estimated at 6.4 per cent, manufacturing 7.4 per cent, electricity and gas 11 per cent and other sectors 5.7 per cent.

The country's seventh five-year plan (1988-93) has envisaged an average growth of 6.5 per cent, but the target is only expected to be achieved in the fourth year.

The Gross Domestic Product (GDP) growth in the previous three years of the plan was 4.8 per cent in 1988-89, 4.6 per cent in 1989-90 and 5.6 per cent in 1990-91.

The economic growth rate in the current year 1991-92 July-June was earlier estimated at 5.8 per cent by Finance Ministry officials.

The seventh plan had envisaged a total investment of 642 billion rupee (26 million dollar), investment of 166 billion rupee (6.6 million dollar) is planned to be made in the final year of the plan.

Chattha said private investment in the current year was estimated at 73 billion rupee (2.9 million dollar) against a public sector investment of 58 billion rupee (2.3 billion dollar).

About the eight five-year plan (1993-98), the Minister said it was already being prepared and would be launched on schedule in July 1993. The main thrust of the planning was on the provision of infrastructure for massive industrialisation and more investment on the social sector health, education, population control and public welfare.

Chattha said the aim would be to achieve self-sustained growth of about seven per cent a year during the eighth plan period.

About the achievements of the seventh plan, the Minister said agricultural growth was envisaged at 4.7 per cent a year, after recording 6.9 per cent, 2.7 per cent, 5.1 per cent and 6.4 per cent respectively in the past four years.

The development of manufacturing was targeted at 8.1 per cent annually, after achieving 4.0 per cent, 5.7 per cent, 6.3 per cent and 7.4 per cent respectively over the past four years.

Sweden firm not to reopen Bofors probe

STOCKHOLM, Apr 1 : Sweden's state prosecutor said Tuesday an investigation into the Bofors arms sale to India cannot be reopened, despite the resignation of India's Foreign Minister in connection with the deal, reports Reuter.

"The whole matter is closed now, we are not going to pursue it any further," state prosecutor Torsten Jonsson said.

He said the statute of limitations expired this week on any possible violations of Swedish law related to the US dollar 1.3 billion sale in 1986 of Howitzers by Swedish arms maker A B Bofors.

Indian Foreign Minister Madhavsinh Solanki resigned Tuesday over charges that he tried to cover up investigations into kickbacks.

He denied the allegations but admitted handing over a note from an Indian lawyer, whose name he could not remember, to a Swiss foreign ministry official on the issue in January.

Jonsson said he had rejected an Indian government request earlier this month to reopen the probe.

Bofors has said it paid 319 million Swedish crowns (now US dollar 53 million) in legitimate costs to agents, but denied payment of any bribes or commissions.

Kuwait to buy bad debts worth $ 20b

KUWAIT Apr 1 : Kuwait's National Council on Tuesday approved a government plan to buy about US 20 billion of bad debts from commercial banks. Critics said it would bail out some of the emirate's best-known debtors, reports Reuter.

The partially-elected council passed the plan by 41 votes to 14 with two abstentions. Only 57 of the 75 members were present.

Economists said the most crucial issue approved by the council was that debtors, including some of Kuwait's most influential people, had to reveal details of their finances.

They said the government was using debts resulting from top people from pre-invasion debts. They also said the plan to issue bonds to cover the debts would put too much pressure on the emirate's heavily burdened treasury.

The council, which passed the plan after three long sessions in the past week, has no legislative power. Critics said the government sought approval for political reasons in the run up to Kuwait's elections in October.

Finance Minister Nasser Abdulla al-Rodhan rejected such accusations by some council members. "The reason for the plan is economic and nothing else, he said.

Controversy stems from the large sums involved and from the lumping together of debts incurred before and after Iraq's August 1990 conquest of the emirate.

The Finance Minister has said that before the Iraqi invasion 1,200 debtors owed about US billion. After the invasion the number rose to 7,000 debtors owing US 23 billion.

At least a quarter of the accumulated debt dates back to the collapse in 1982 of the unofficial secondary stock market known as Souk al-Manakh, involving influential Kuwaitis.

Multilateral steel talks fail

GENEVA, Apr 1: Multilateral negotiations carried out by 30 countries to reduce government's role in the steel trade have failed, the United States and the European Community announced here on Tuesday, reports AFP.

The talks were held here on Monday and Tuesday in an attempt to reach a Multilateral Steel Agreement (MSA), to replace agreements on "voluntary limitations" concluded between the United States and its main trading partners, using quotas to limit steel imports to a maximum of 20.2 per cent of the American market.

Those agreements expire March 31.

"I regret that we have not achieved our goal for a long-term solution to the problems in this sector," said US Ambassador Rufus Yerxa.

"I remain convinced that an agreement to discipline subsidies and market access barriers in this sector would be in everyone's long term interest. We should continue our efforts to resolve remaining issues."

"However, we cannot accept an agreement that lacks meaningful disciplines over subsidy practices and unduly restricts our ability to use domestic trade law to counter those practices."

Milk quota

Meanwhile AFP from Brussels adds: Agriculture Ministers from the 12 members of the European Community have prolonged for one year the arrangements for milk quotas which were to expire on April 1.

At a meeting during Monday night they left open the "possibility" that these quotas might be reduced by one per cent during the 1992-93 season, diplomatic sources said.

The Commission of the EC had proposed that the quotas be reduced by three points in three equal stages of one point from the 1992-93 season as part of its project to reform the Common Agricultural Policy (CAP).

The ministers also extended the price arrangements and related measures for milk products and for beef for two months until May 31, the source said.

They agreed to maintain in 1992 the maximum guaranteed quantity for the EC tobacco harvest at 390,000 tonnes, and decided to increase from 15 per cent to 23 per cent

Taiwan's top 10 tycoons

TAIPEI, Apr 1: A local economic magazine has named ten Taiwan tycoons as billionaires, with Tsai Wan-Lin of the Cathay Insurance groups still topping the wealth list for the island, reports AFP.

Tsai, Chairman of the Cathay Life Insurance, has more than 300 billion Taiwan dollar (12 billion US) in business assets, the Excellency magazine said, adding after necessary expenditures, the billionaire has a net asset of 105 billion dollar (4.2 billion US).

He was listed by Forbes magazine last year as among 181 people in the world deemed to have assets of more than one billion US dollar.

Tsai was also listed as the wealthiest man by excellency last year. His 50 per cent shareholding in the company was his chief source of income.

Next is Wang Yung-Ching, Chairman of the Formosa Plastics Groups. He and his brother Wang Yung-Tsai, have a combined fortune of 57 billion dollar (2.28 billion US) and 200 billion dollar (eight billion US) in business assets.

The Wang empire is the largest private business organization in Taiwan. In addition to its investments here, the group has invested in the petrochemical industry in Asia and the United States. Hsu Yu-Hsiang, Chairman of the Far Eastern Group, has assets of 150 billion dollar (six billion US) and a net income of 50 billion (two billion US).

Koo Chen-Fu, of the China Trust Group, has business assets of 100 billion dollar (four billion US) and a wealth of 40 billion dollar (1.6 billion US).

Chang Yung-Fa, of the Evergyreen Shipping Group, has expanded his business to air transportation and hotel operations in Southeast Asia. This has enabled him to enjoy a wealth of more than 40 billion dollar (1.6 billion US) with 80 billion dollar (3.2 billion US) in business assets.

Wu Tung-Chin, of Shinkong Groups, ranks sixth for having a wealth of 40 billion dollar (1.6 billion US).

Next is How Po-Yi of Tainan Group, who has a wealth of 32 billion dollar (1.28 billion US), followed by Lin-Hsieh Han-Chien, 30 billion dollar (1.2 billion US), Lin Yu-Lin of Hong Tai Construction with the same amount, and Ling Rong-San of Ynion group, also the same amount.

Japan's civil servants to get shorter work hours

TOKYO, Apr 1: Civil servants in Japan, where hundreds of people die every year from working to hard, are to get shorter working hours, reports Reuter.

Employees of the central government will have two days off every week starting in May, a government spokesman said Tuesday.

Japan's 500,000 civil servants now take the first and third Saturdays off every month, except for those with special jobs such as at museums and government hospitals.

The new working week is part of the government's efforts to cut average yearly working hours.

Labour ministry figures show the Japanese work more hours annually than people in the United States and Europe.

Hundreds of Japanese die every year of "karoshi" — overwork — according to the national defence council for victims of karoshi, which says Japanese work an average 2,168 hours annually against 1,642 for Germans.

Gloomy economy of Indonesia predicted

JAKARTA, Apr 1: A prominent Indonesian businessman on Tuesday painted a gloomy picture of the nation's economy where scarce money and rising costs have made export-oriented products uncompetitive, reports AFP.

"The confidence of the 1989-1990 is not there anymore, Sofyan Wanandi told foreign correspondents here, referring to the economic expansion here during those years.

He said the boom of that time, with foreign and domestic investments reaching record highs, has been undermined by the government's tight money policy of the past two years and rising costs including increases in fuel and electricity rates.

"All our costs have gone up... We are not competitive anymore," Wanandi said, adding that this year was a "Very bad year" for Indonesian companies.

He said, without giving details, that several groups had started to quietly close some operations to concentrate on more productive and profitable ones.

Wanandi said the process was already apparent in the real estate sector and would soon be followed by various manufacturing industries such as those producing shoes, rubber-related products, furniture and in shrimp farming.

"In these difficult times, the government has to do something... They have to do it very fast," Wanandi, who heads a large battery and automotive parts group, said.

He said the government preoccupied with the macro aspects of the Indonesian economy such as the fragile balance of payment and threatening inflation rates, was neglecting to deregulate the productive or real sector.

"In the past two years, deregulations have been in the monetary sector, not the real sector. Now it really hurts us," Wanandi said.

He cited the government's tight money policy, ceiling limits imposed on offshores loans and signs of recession in Japan, Indonesia's main trading partner, as contributing to the bleak outlook.

Business briefs

Kuwait may seek greater OPEC quota : Kuwait has the right to demand an increase in its OPEC quota of 1.5 million barrels a day, the emirate's oil minister was quoted Tuesday as saying, reports AP from Kuwait City.

Hamoud al-Rqubah told the local daily Al-Fajr Al-Jadid that Kuwait has three justifications : its rapidly increasing production capacity, its large reserves and the need to make up for lost production because of the Iraqi occupation.

Japan to lend Algeria $300m : The Export-Import Bank of Japan announced Tuesday it would grant a loan of 300 million dollar to Algeria as part of a World Bank programme to aid the northern African country, reports AFP from Tokyo.

The Japanese loan, the first international loan to Algeria since the government there adopted emergency economic measures in February, will help the country's economic reform, the Exim-Bank said.

Only Vneshtorgbank to sell gold : Russia is giving Vneshtorgbank, its foreign trade bank, exclusive rights to sell gold and precious metals abroad on behalf of the Russian government and the central bank, Interfax news agency said on Tuesday, reports Reuter from Moscow.

The bank would also be the repository for Russia's foreign reserves and the central bank's currency stabilisation fund, the agency said. A resolution on the changes was passed by the presidium of the Supreme Soviet on Monday.

'God-given good days' for Swiss people ending?

ZURICH, Apr 1: The average Swiss needs to work a mere 20 minutes to earn enough for a Hamburger and chips. An American would be at his desk for a full 26 minutes and a Mexican nearly four hours, reports Reuter.

The Swiss are wealthier than most, whether you measure average salaries, per capita Gross Domestic Product or the cost of their fast food.

But many Swiss are worried that may be changing.

An economy long built on low inflation, full employment and a stable currency is at bay. Unemployment is at its highest since World War Two, the franc is sagging and the banking sector is losing its reputation as the world's safest nest.

A people raised on cast-iron job security and the comforting stability of cartels are discovering redundancies and cut-throat competition. They have a nagging worry that the good times are ending.

Leading bankers and industrialists warn that Switzerland faces a threat from increasingly competitive European economies and that it must reshape economic and political structures if it wants to preserve prosperity.

Rainer Gut, head of CS Hogding, one of the biggest Swiss financial services groups, said recently: "We have far too much of the feeling that we have a God-given right to the highest living standard in the world.

How did a small, landlocked country in Europe with an underfed population, many of whom had to emigrate at the start of this century, become one of the world's richest nations?

Most of the growth came after World War Two, in which Switzerland was neutral.

Swiss export industries were able to meet demand that the exhausted and devastated economies of Europe could not fill. Fixed exchange rates and an undervalued franc made Swiss goods competitive.

Plentifull capital resources, lent at the lowest rates in Europe, honed the competitive edge of Swiss companies.

Discreet and secure Swiss banks became a haven for the savings of dictators, the persecuted and those fleeing the taxman. At times the banks were so cash-rich they could charge depositors negative interest rates.

The arrival of cheap foreign labour, mainly from Mediterranean countries, helped restrain wage rises.

And as Hansjoerg Siegenthaler, professor of economic history at Zurich University, said in an interview, Switzerland's deeply rooted system of political consensus also spared it from severe labour unrest.

While industrial relations in many other western European countries were hit by radical politics in the 1960s and 1970s, in Switzerland trade unions simply did not make excessive and exorbitant wage demands he said.

Now many of these advantages have evaporated.

The franc is no longer the currency of last resort.

Swiss banking has had to improve its image and the numbered bank account, does not afford the anonymity it once did. The banking sector's reputation suffered a severe blow with the closure last year of a number of small and medium-sized banks.

Short-time working and lay-offs, once unheard of, have appeared throughout the economy and bankruptcies have rocketed.

The Swiss see the key to their future in the question of European Community (EC) membership. But they can't agree on whether this will maintain their standard of living.

The small entrepreneur is sceptical.

Cartels around in Switzerland and many small companies fear losing the comfort of price -fixing that EC anti-cartel legislation and competition would entail.

Many Swiss also wonder whether they want to give up foreign policy neutrality, and an idiosyncratic political system that allows the electorate to veto government legislation, in exchange for a stake in the EC market.

But industry and business, which depend on international markets, see little alternative. They are already preparing the way by ensuring their operations conform with EC standards.

Nicolas Hayek, head of SMH which produces the popular Swatch watch, said: "If we Swiss say: "No, we will stay alone as a chosen people with our borders closed and without many advantages, but with our culture intact, then we must also be ready to become poorer."