

Self-reliance does not mean an insular economy, says resolution

Party plenary okays Rao's economic reforms

NEW DELHI, Apr 19 : The ruling Congress (I) Party, the oldest in India, has just rejuvenated itself, affirmed radical policy changes and confirmed that Prime Minister Narasimha Rao holds tightly to its reins, reports AFP.

At its first plenary session in seven years, the party approved pro-market economic policies to attract foreign investment, encourage private enterprise and reduce state controls.

An economic resolution adopted at Tirupati promised "continuity with change," allowing Rao to continue without alienating followers of Nehruvian socialism—which emphasized self-reliance but paralyzed the Indian economy for more than 40 years.

"Self-reliance does not mean an insular economy," said the resolution. "It means accepting the challenge of

making Indian industry competitive and the Indian rupee convertible on the international market."

Foreign investors have shown interest in India since the beginning of the reforms, which allow foreign firms to have majority ownership. Some 457 million dollars have entered the country since July.

That was "peanuts," said Commerce Minister Palaniappan Chidambaram, compared to the foreign money invested in Indonesia in 1991, but still 13 times the amount corresponding to the same period last year.

For the first time in 20 years, Congress (I) chose to elect its highest policy-making body, the working committee, rather than have it nominated by the party president, as under Indira Gandhi and later her son, Rajiv.

Rajiv, who followed his

mother in the posts of party leader and Prime Minister, was likewise slain by an assassin. Following his death in May last year, this party plenary session was the first since independence without a member of the Nehru-Gandhi family at the head.

Some 10,000 delegates went this week from all parts of India to the session in Tirupati, in the southern state of Andhra Pradesh, Rao's home. The session ended Thursday.

The Congress (I) was "revived" and given a "new clan," said Rao, 70, who came to power in June 1991.

Most of the party's heavyweights were elected to the working committee, notably Development Minister Arjun Singh and Defence Minister Sharad Pawar.

The press welcomed the changes as "a democratic be-

ginning" and saluted the end of the "personality cult" and passage from confrontation to consensus.

The Congress (I) now has a "clear-cut agenda," the bi-monthly India Today wrote Saturday. "The government's economic policies... replaced what was essentially a one-point programme: The propagation of dynastic rule," it said.

The magazine was referring to the rules of India's first prime Minister Jawaharlal Nehru, his daughter Indira and her son Rajiv.

Charges of corruption against Congress (I) leaders were at the center of political life here when Rajiv Gandhi was Prime Minister. Those allegations united the right-and-left-wing opposition, which beat the Congress (I) in 1989 polls.

But the left is now divided by personal quarrels and the weakening of the communist

parties. The first party in opposition, the right-wing Bharatiya Janata Party BJP follows market policies similar to those of the Congress (I).

"Narasimha Rao has emerged as the undisputed leader of the Congress," said India Today.

The Indian Express, which usually attacks the party, said "Rao's position continues to be unassailable."

An opinion poll showed that the Congress (I), which lacks an absolute majority in the parliament, had improved its image in the past 10 months.

The poll said the party would win 290 seats in the 544-seat lower chamber if elections were held today. 45 more than it currently has of 8,627 people polled, 70 per cent said Rao, virtually unknown when he took power, was a better choice than opposition leader Lal Krishna Advani.

Economist tells Delhi to reject Dunkel plan

CALCUTTA, Apr 19 : The noted economist, Dr Amiya Bagchi, warned the union government against accepting the Dunkel proposals which, he said, would bring disaster to the country's economy, reports PTI.

Dr Bagchi, participating at a seminar on the future of pharmaceutical industry in the light of GATT proposals involving the trade related intellectual property rights—said that an insistent lobby was advocating acceptance of the proposals besides an internal document which too had recommended the acceptance of the proposals by the government. He observed "we are on the brink of a precipice."

He said that if the draft of Arthur Dunkel, Director General of the General Agreement on Tariff and Trade (GATT), was accepted it was not only India but the entire world would lose.

India, Mongolia sign economic agreement

ULAN BATOR, Apr 19 : India signed here an agreement with Mongolia on technical and economic cooperation, reports PTI.

The agreement, providing for establishment of a centre for small scale industry in Mongolia, was signed after talks between the visiting Vice-President, Dr S D Sharma, and his Mongolian counterpart, R Gonchigdorj, at the state palace here.

It also provides for training of Mongolian personnel in India and for deputation of Indian experts to Mongolia in developmental fields.



An Emirates plane that landed at ZIA on April 7 along with its officers and crew.

Business briefs

China to have bullet train : China will get its first super fast bullet train service with the construction of a 280-kilometer railway in the eastern coastal province of Fujian, it was reported, according to AFP from Hong Kong.

Japan Ikawa Investment and Trust Co. Taiko Finance and Trust Co and China Tungfang Development Holdings Co. will make an initial investment of 800 million to one billion US dollar.

New cable to link Asia and Pacific : Nine telecommunication giants plan to build an optical-fiber submarine cable network to connect Southeast Asia and the western Pacific, according to a report from the Japanese news agency Kyodo, reports Xinhua from Tokyo.

Those participating in the project include Japanese KDD, American Telephone and Telegraph Co., the communications Authority of Thailand, Philippine Long Distance Telephone Co., Singapore Telecom, and Telecom Malaysia.

Russian oil output in 3 months : Russia produced 95 million tonnes of oil during the first quarter of the year and 14.79 million tonnes were exported, the Oil and Energy Ministry said, reports AFP from Moscow.

The main production area continued to be Tiumen in western from Moscow, Siberia which produced 63.2 million tonnes.

Emirates offers thrice-a-week Dubai-Dhaka service

By Staff Correspondent

Emirates, the international airlines of the United Arab Emirates, now offers thrice-a-week service between Dubai and Dhaka via Karachi. The third flight, operating every Tuesday, landed at Zia International Airport (ZIA), Dhaka on April 7, reflecting the growing demand for the services of the Emirates.

Operating from Dubai, Emirates in a span of seven years flies to 25 destinations and over the next 12 months, it plans to begin operating to Rome, Zurich, Paris, Jakarta and Taipei.

Emirates will also double its fleet in the next 15 months by acquiring seven new air-buses and has signed a Letter of Intent to purchase 14 wide-bodied Boeing 777 aircraft, worth two billion US dollar to be delivered from 1996.

In Angolan town, whisky plentiful but fruit, water scarce

LUENA, (Angola) Apr 19 : In a muddy market square, a one-legged man on metal crutches sells cigarettes one at a time because few people can afford a full pack, reports AP.

Imported whisky and beer are plentiful, but here is no fruit for sale. Precious water is stored in the salvaged fuel tank of a MIG fighter plane.

Angola's 16-year civil war ended last May, but in Luena, a once-thriving railroad town, the battle for survival continues.

"There used to be a lot of life in the town," said Victor Borges, a small, white-haired Portuguese who has lived in Luena since the 1950s. "Now there is very little here."

Hundreds of thousands of lives were lost in the Angolan war. The area around Luena, in the remote eastern bush, was among those that suffered most.

The leftist government of president Jose Eduardo dos Santos, supported by the Soviet Union and Cuban troops, fought to a stalemate with the rebels of the National Union for the Total Independence of Angola (UNITA), backed by the United States and South Africa.

Angola, a potentially wealthy nation in southwest Africa, is to hold its first democratic elections in September. Carrying the vote off successfully could bring a measure of stability the country has not known since independence from Portugal in 1975.

The devastation in Luena, a town of 50,000, illustrates how difficult it will be to turn peace into prosperity. No new buildings have gone up since independence. Pasted paint has given way to exposed plaster and walls are scarred by bullets.

Luena's lifeline to the world, the Benguela railway, will take years to repair.

US N-labs turn to help economy

LOS ALAMOS (New Mexico), Apr 19 : Albert Einstein, preoccupied with making atom bombs in 1944, sometimes forgot to wear one or both of his shoes as he wandered through ankle-deep mud in the streets of Los Alamos.

Now, with the Cold War ended that single-minded sense of purpose has died at the three US nuclear weapons laboratories. As spending for arms research and development declines, the labs are searching for new ways to keep busy.

Their operators hope that one such way is to help US industries become stronger global competitors.

Examples of their recent projects include developing refrigerators that do not use ozone-depleting gases, a better process for finding fingerprints on crime evidence and petroleum-free fuel systems for cars.

All of our non-weapon efforts are to help American companies, said Kay Adams, director of the brand-new industrial partnership centre at Los Alamos.

Los Alamos National Laboratory was established in 1943 to develop and build the two atomic bombs dropped on Japan.

It was followed by Sandia National Laboratories in Albuquerque, New Mexico, in 1949 and the Lawrence Livermore National Laboratories in California in 1952.

Currently Los Alamos and Livermore design the nuclear components of strategic weapons, while Sandia works on non-nuclear parts.

The three will get 1.46 billion US dollar for weapons research this year, but their overall budgets total about three billion US dollar.

There have been several calls to eliminate one or two of the labs, but the Bush administration has rejected them.

While the debate continues, the labs scramble to be flexible and innovative, as John Immele, Associate Director for Nuclear Weapons Technology at Los Alamos, puts it.

Weapons research now is concentrated on making the nuclear stockpile stable and secure so it can last more than 50 years without being a hazard.

Scientists are refining designs of casings that can withstand severe impacts, plutonium cores that absolutely will not burn and mechanisms to prevent unauthorized detonation.

Systems are also being developed for dismantling and safe destruction of obsolete warheads and overall reduction of nuclear arsenals.

And research continues on a space-based anti-missile shield and the cleanup of radiation polluted weapons production and storage sites in the United States and Europe.

But more than half the work at Los Alamos is now on so-called spin-offs—applications for commercial purposes.

This diversification is evident all over the Los Alamos complex, a sprawling collection of clapboard barracks, reinforced-concrete bunkers and dozens of temporary office buildings nestled in the Jamez mountains about 80 miles (130 km) northwest of Albuquerque.

There are two district areas at Los Alamos—the top-secret inside-the-fence weapons district and the less-secure outside-the-fence research area.

It is the outside-the-fence area that is drawing a great deal of money, but there are many roadblocks to the transfer of technology to private industry.

Procedures for signing contracts with businesses are still being worked out, Adams said. From a legal standpoint, it is a nightmare, she added.

In the legal world, everything is based on precedent, but with us there is no precedent, she said. Many of the rules are being worked out as we go along.

As research moves into the marketplace, an individual company usually benefits first, raising questions about the fairness of using public research money for private gain.

In addition, the technology is immature. It takes a lot of work to get table-top models onto store shelves.

Finally, there is bureaucratic inertia. The urgency of the World War Two Manhattan Project has over the years given way to a lumbering bureaucracy which at times gets in the way of research, Los Alamos officials said.

Ding well here and getting promoted means you get to go to meetings all day and do nothing else, quipped one insider.

John Umbarger, the Industrial Partnership Centres' second in command, has been at Los Alamos for more than 20 years.

His vision for the future is for the labs to be centres of innovation for all US businesses, especially small companies without money for basic research.

It takes engineers working shoulder-to-shoulder to change things, and this is the best place to do it, he said.

World growth rate to double in 93: IMF

WASHINGTON, Apr 19 : The world economy in 1993 will expand nearly twice as fast as this year's rate and is expected to reach 3.25 per cent. According to a senior International Monetary Fund (IMF) official, reports AFP.

The recovery of the world economy, currently growing at a rate of only 1.75 per cent, has already begun and is developing well in the second part of this year, said the official.

who spoke Friday on condition of anonymity.

Growth in Europe would likely remain weaker than in other industrialised nations because of inadequate structural reforms, but a slowdown in economic activity there in the coming months is not forecast, the official said.

Europe is headed for slow growth if it does not quickly implement those reforms, the source said, citing as an exam-

ple France, which remains handicapped by a largely inflexible work force.

On the other hand, the IMF official waxed optimistic about prospects for the Japanese economy despite the recent plunge of the Tokyo stock market. The Japanese growth rate was to drop to about 2.25 per cent this year but rebound to four per cent in 1993, the source said.

The IMF is to release its economic forecasts for 1992 and 1993 on Wednesday, when the fund and the World Bank begin their annual spring meetings in Washington.

WB team in Iran to assess war damages

TEHRAN, Apr 19 : A delegation of World Bank experts visited the southwestern Iranian cities of Khoramshahr and Abadan to assess damage sustained during the Iran-Iraq war, informed sources said Thursday, reports AFP.

The World Bank team has visited several factories in the region as well as the oil refinery at Abadan, the most important such site in Iran.

Russian congress rejects land privatisation bill

MOSCOW, Apr 19 : The Congress of Russian Deputies has thrown out a proposed constitutional reform that would have established the right for people to own land privately, reports AFP.

In a move that retained a fundamental principle under the former communist regime, the Congress had on Thursday rejected a proposed amendment of the constitution stating that "land attributed by the state for cultivation is so attributed for life and may be

transmitted by inheritance.

Despite insistence by reformers in the Russian parliament on Friday, a majority held to the decision of the previous day.

The defeated amendment had said that "land given by the state to citizens, companies, and organisations is given with full title or for temporary usage."

It said that the state, in the public interest, could limit the area given with little and could determine to what use it should be put.

Russian tension, ME factors push up and down commodity prices

LONDON, Apr 19 : Commodities traders focused on the Russian political situation this week, in which the conflict between reformists and hardliners took the lime-light, reports AFP.

After the Russian parliament voted last weekend to restrict President Boris Yeltsin's economic reform programme, the government presented its resignation. Crude oil and gasoil, aluminium and nickel firmed at the beginning of the week, fearing interruptions in Russian exports. At the same time, grains weakened, on expectations of reduced Russian purchases if western aid was cut off.

But these price movements were short-lived, as tensions eased by Tuesday, when the Russian parliament decided to allow Yeltsin until December to implement his reforms and the President officially rejected his government's resignation.

The Middle East then came back on stage speculation about the possibility of Iraq resuming oil exports weakened crude prices. But the United Nations air and military embargo against Libya went into effect on Wednesday, giving prices some support.

Among soft commodities, coffee fell sharply after the International Coffee Organisation (ICO) meeting in London last week disappointed traders. Although the ICO decided to resume negotiations on a new international agreement, operators prepared for a long wait for export quotas to be restored.

Gold : Weak. Prices fell mid-week to a four-week low, on the back of silver. Fund selling, initially of silver, weakened all precious metal markets.

Operators were also squaring books ahead of the long Easter weekend, which added to the weakness.

Gold prices hardly reacted to Russia's political crisis at the beginning of the week. The Russian government's threat to resign Monday, provoked by parliament's attempts to hamper its reforms, sparked a short-lived rise in prices.

Russian political tensions eased mid-week, after the parliament voted to allow the government until December to implement President Boris Yeltsin's reforms. The market calmed down, as speculation faded over a possible increase in Russian sales of precious metals, to compensate for a halting of western aid in the event of a government crisis.

Silver : Weaker. After a hesitant start, prices fell due to fund selling before the Easter weekend.

The Japanese stock market's sharp rise had earlier lent the market limited support.

Platinum : Hesitant. Platinum prices fluctuated within a narrow range, paying little heed to political tensions in Russia, but affected mid-week by falling silver prices.

The rise in the Nikkei Index gave the market some support at first. But, according to analysts GNI fears remain that a credit crunch in Japan could lead to a long recession. Given that Japan imports 50 per cent of world platinum production, the market is vulnerable, GNI indicated.

Copper : Quiet. Prices initially fell on commission house-selling, prompted by weaker equities markets in New York and Japan at the end of last week, but were later supported by reported Chinese buying. News that Chile's El

Teniente mine is closing its sub-level six until 1993 because of rock falls also helped sentiment, although Codeco said overall mine production should not be affected.

This week's recovery in the US, Japanese and British stock markets should boost copper prices, according to analysts GNI. Wall Street's rise indicates increasing confidence in the US economy and hence copper consumption, while the Nikkei Index's bounce allays fears of Japanese investors liquidating their base metal stocks to balance losses in equities.

Labour contracts due for renewal at US producer Asarco in June, with possible strike action affecting 4,500,000 tonnes of annual capacity, could also help boost prices. LME stocks of copper rose 175 tonnes to 2,92,225 tonnes.

Zinc : Weaker. Zinc prices eased after hitting a 16-month high early in the week, as traders focused on weak fundamentals with stocks at record high levels.

The premium of spot over three-month prices, seen since the end of March, grew due to tight supplies for May and June delivery.

Mineroperu's three-week-long force majeure at its Cajamarquilla smelter continued. As a result of damage to the furnace the plant is expected to operate at 100,000 tonnes of its 100,000 tonnes/year capacity until the end of April, Analysts Billion-Enthoven reported.

LME stocks of zinc rose 1,175 tonnes to a new record high of 2,24,275 tonnes.

Lead : Weaker. Prices fell in a thin market, on expectations of fresh cargoes from the Commonwealth of

Independent States (CIS), lack of demand from the US and the Far East helped depress prices.

Reports that Italian producer Nuova Samim resumed output at its lead smelter at the beginning of the week, following a temporary closure, added to the week trend.

LME stocks fell 75 tonnes to 1,31,525 tonnes.

Tin : Quiet. Prices fluctuated over the week, falling on profit-taking then bouncing back and steadying just below last week's 12-month highs.

By mid-week, spot prices had reverted to the usual situation of being cheaper than three-month prices, as demand for April delivery eased.

LME stocks of tin rose by 30 tonnes to 11,705 tonnes.

Aluminium : Erratic. After a weak start, prices rose to new 21-month highs Tuesday on news of political tensions in major producer Russia. When the tensions eased later Tuesday, prices fell on profit-taking.

Traders reported buying of forward metal, as end-users looked ahead to labour negotiations in the US from the end of May.

Although the Russian parliament voted to back President Boris Yeltsin's reforms mid-week, some traders said the market was still concerned that Russian exports may be affected by political tensions there.

LME stocks rose 3,225 tonnes to a new record high of 1,203,150 tonnes.

Nickel : Slightly firmer. Prices ended the week slightly up, continuing their rise after the initial boost sparked by Russia's government crisis, although this was resolved Tuesday.

Analysts however said the

underlying trend was weak, as stocks remain at eight-year highs.

LME stocks rose 72 tonnes to 26,172 tonnes on Tuesday.

Coffee : Sharply lower. Prices fell, as traders were disappointed by the outcome of last week's International Coffee Organisation (ICO) meeting in London. They realised that negotiations on a new international agreement would take longer than they had expected.

The ICO council decided to resume negotiations on export quotas on 22-26 June. The President of the council Costa Rican delegate Arnoldo Lopez, said last Friday at the end of the London meeting that delegates hoped to make good progress between now and September and to have the text of a new agreement ready by the end of the year.

Some traders, who were expecting speedier progress, were disappointed by this timescale and liquidated their positions.

Sugar : Quiet. Prices steadied after strong rallies last week, which took raw sugar to an eight-month high. Fears about the South African harvest, hit by drought, continued to dominate the market.

According to the latest South African forecasts, the 1992-93 harvest (April-March) could fall to 1.7 million tonnes, compared to an earlier forecast of 1.8 MT, against 2.3 MT in 1991-92.

Cuba is now reaching the end of its 1991-92 harvest, which according to some western estimates, could fall to less than 6 MT, from 7.6 MT last season. However, trade house ED and F Man considered these forecasts a little alarmist, predicting a harvest of 6.5 MT. The trade house

also said that Thailand's crop may increase by one million tonnes.

Cocoa : Weaker after a steady start. Initially supported by a higher-than-expected rise in European consumption, Cocoa prices fell sharply on the back of the New York market, which was weakened by high US stocks. Fears of fresh sales by Ivory Coast added to the weakness.

Poor demand by Chocolate manufacturers and good weather in Western Africa helped depress the market.

British grindings rose 21 per cent in the first quarter of 1992 compared to the same period last year, compared with analysts' expectations of an eight per cent rise. German grindings rose by 6.4 per cent, defying expectations of a fall. But operators stressed that the rise in consumption may be temporary, and more positive figures would be needed to reverse the weak trend which has dominated the market for more than four months.

Vegetable oils : Firmer. Vegetable oil prices firmed in quiet trading, as the Chicago market was closed for the first two days of the week due to flooding.

The strength of palm oil prices was threatened by the latest PORLA (Palm Oil Registration and Licensing Authority) figures, which showed Malaysian stocks were higher than expected and production was rising.

Stocks only dropped by 4.7 per cent in March, to 483,744 tonnes, whereas analysts had predicted a figure of just 450-460,000 tonnes. Meanwhile, production grew by 15 per cent during the month, to 4,41,390 tonnes. Traders predicted output could reach 5,60,000 tonnes

by June.

These figures indicate that the recent fall in output was caused by seasonal factors only, and signalled an imminent rise in stocks from current three-year lows, traders said.

Crude Oil : Easier after strong start. Brent crude prices were supported at the beginning of the week by the political crisis in Russia, by the presence of Iraqi anti-aircraft weapons in its Kurdish territory and by the approaching deadline for UN sanctions against Libya. But prices ended the week slightly lower, weakened by speculation about possible resumption of Iraqi oil exports.

The air and military embargo against Libya took effect on April 15, as Libya did not extradite the two suspects wanted in connection with the Lockerbie bombing. Some traders fear an oil embargo may be imposed against Libya. But others think this unlikely, citing strong opposition from Italy and Germany, the two main consumers of Libyan oil. But they believe Libya could retaliate by halting exports.

Iraq's Ambassador to the UN Abdel Al-Anbari made some optimistic comments, reported by the Iraqi News Agency, INA, which fuelled speculation about a possible resumption of Iraqi oil exports.

Al-Anbari announced Tuesday that UN-Iraq talks about sales of Iraqi crude would resume in the next few days, and the next few days, and stressed there were positive attitudes on both sides. He added that all that needed to be resolved following the Vienna meeting at the end of March were technical details.

Analysts said the market was due for a technical downward correction, after recently

reaching an eight-week high, and that this news had set the selling off. American Petroleum Institute (API) figures showed a weekly rise of 9.4 million barrels of crude stocks in the US adding to the weaker trend.

Rubber : Slightly weaker. Prices fell slightly on the London market, due to continuing lack of demand in Europe. In the US, recent buying of Indonesian rubber began to dry up.

Far Eastern rubber futures markets weakened, influencing the trend in London. But prices were restrained from falling further by reported buying interest from China, South Africa and Brazil.

Grains : Rallied after slow start. The market was shaken at the beginning of the week by the conflict between reformists and hardliners in Russia.

Traders feared that a delay in Russia's economic reforms would lead to the West suspending aid, and Russia having to cut its grain purchases. But fears dissipated and prices recovered after a compromise vote by the Russian parliament Wednesday, which allowed President Boris Yeltsin's government more room for manoeuvre.

Tea : Firm. Good demand pushed prices up on the London weekly auction, where average prices for quality grades reached 170 pence/kilo, against 160 pence last week. Medium grades rose to 112, and low medium grades rose to 90 pence/kilo from 82 pence.

Cotton : Slightly lower. The index fell on the Liverpool market, in a quiet market before the long Easter weekend.