

### Delhi asks banks not to finance speculative trading

NEW DELHI, Apr 23: India's central bank, in a desperate bid to cool down a supercharged stock market, has ordered banks not to fund speculative trading which could scare away smaller investors unnerved by the bull rampage, reports AFP.

The Reserve Bank of India (RBI) directives came as the Bombay Stock Exchange (BSE) index rose another 304.02 points Wednesday to 4467.32 while the national index — which covers all India's bourses — put on 11.53 points.

The RBI also ordered commercial banks not to finance periodic settlement of share transactions, saying its directive was in line with "measure to stabilise the capital market at realistic levels".

"The speculative rise in prices will undermine the confidence of the genuine investors," said the Observer business newspaper Thursday, adding that the superheated market was scaring away foreign investors as well.

The RBI, directives, issued Wednesday, followed unsuccessful measures by the Indian government to rein in share prices which soared after Finance Minister Manmohan Singh, in his 1992-1993 budget, liberalised the domestic economy and made the rupee currency partially convertible.

The BSE index, a barometer of the Indian economy, has soared from 1,908.80 in December to 3,802.20 in March. It rose to 4,163.02 points last Saturday.

The unchecked bull market follows five-year trade policy, unveiled March 29, which is expected to radically liberalise imports and exports.

## Uruguay Round's failure to cause disaster for world, warn UK business leaders

# Bush-EC leaders fail to break GATT deadlock

WASHINGTON, Apr 23: President Bush and European leaders failed to break a deadlock in global trade talks Wednesday as both sides refused to give ground in a long-running feud over farm subsidies, reports AP.

"We exchanged a lot of ideas," Trade Representative Carla Hills said afterward, "I don't think that any of the ideas hit home." No date was set for a resumption of the talks, she said.

Bush met for 20 hours with Jacques Delors, President of the European Commission, and Portugal's Prime Minister, Anibal Cavaco Silva, currently President of the European Council.

"We are committed to achieving an early agreement," Bush said, reiterating an oft-stated goal of his three-year presidency.

Likewise, Cavaco Silva said, "We are determined to bring (the negotiations) to a positive conclusion." Bush and Cavaco Silva spoke of "new ideas" but did not elaborate. Hills indicated the ideas were a combination or repackaging of old proposals.

Delors told a news conference that Wednesday's talks dealt with agriculture, though the stalled negotiations also deal with 14 other kinds of trade.

Delors added that he wanted sufficient agreement by the end of June so that the issue would not have to be discussed at the summit meeting of President Bush and the leaders of the six other major industrial countries. That will open in Munich, Germany, July 6.

He said he hoped an accord on agriculture between the United States

and the Europeans would enable talks to restart with nearly 100 other countries in the overall negotiations, now in their sixth year.

The chief sticking point is the refusal of European leaders to slash agricultural subsidies as much as the United States wants.

"We explored a lot of things and I would say that clearly that Mr Delors wants us to move further and his side to move less," Hills said. Despite the impasse, she said "the atmospheres were very good. Both sides were searching for a way around the impasse and that was constructive."

European leaders are under pressure from powerful farm lobbies not to give up agricultural subsidies long accepted as a way of life. France has led the resistance.

For his part, Bush faces

domestic opposition from a coalition of groups arguing that a global agreement would undermine environmental, consumer and labour laws in the United States.

Reuter from London adds: British business leaders urged world leaders on Wednesday to settle their differences on stalled GATT trade talks or risk deepening the recession.

Billions of dollar in trade would be lost if the six-year-old Uruguay Round of talks under the General Agreement on Tariffs and Trade failed, three industry leaders told a news conference.

"This round needs to succeed, must succeed. If it does not succeed it will be a disaster for the world," said Robert Horton, Chairman and Chief Executive of the British Petroleum Company Plc.

Grand Metropolitan Plc Chairman and Chief Executive Sir Allen Sheppard said: "Don't forget that terrible trend (of the 1930s). We had inflation, we had world recession then we had world protection and then we had Hitler and World War."

Sir Derek Birkin, Chairman of RTZ Corp Plc, urged politicians to water down their negotiating positions and accept less than perfect solutions for the sake of world prosperity.

Developing nations in particular would be severely hit if the world slipped back into protectionism, he said.

The call coincided with

a GATT-related meeting in Washington between US President George Bush, European Commission President Jacques Delors and Portuguese Prime Minister Anibal Silva Cavaco, whose country currently holds the revolving presidency of the European Community.

The Uruguay Round has been blocked by disputes between Washington and Brussels over how far and fast to cut farm subsidies.

British Trade Minister Richard Needham said a deal was crucial to Britain and promised GATT would be on top of the agenda when Britain took over the EC presidency in July.

### Asia-Pacific summit to study trade blocs' impact proposed

JAKARTA (Indonesia), Apr 23: Australia and Indonesia agreed Wednesday that a summit of Asian and Pacific leaders was needed to consider the implications of trading blocs in Europe and North America, but set no timetable, reports AP.

Indonesia's President Suharto and Australian Prime Minister Paul Keating discussed the idea at a two-hour meeting at Merdeka Palace.

Keating is on a three-day visit to Australia's populous neighbour, seeking closer ties with Indonesia and an economic role for Australia in the fast-growing Asia-Pacific region.

Making his first visit abroad since becoming prime minister in December, Keating repeated his theme that Australia will become part of Asia. He said that Australians were no longer overwhelmingly British and immigration from Asia, the Middle East and the Americas had broken down old fears of Asia.

Keating has suggested using the fledgling Asia Pacific Economic Cooperation forum of foreign and finance ministers as the framework for a regional heads of government meeting.

Suharto agreed that regional leaders should meet, but wanted time to see if the European and North American trading blocs "turned inward or whether our fears are unfounded." Foreign Minister Ali Alatas explained later.

## Protectionism costs LDCs \$500b a yr

STOCKHOLM, Apr 23: Restricted access to the world's markets costs developing countries an annual dollar 500 billion and has helped widen the income gap between rich and poor nations, a UN report released today said, according to Reuter.

"Developing countries enter the market as unequal partners (and) leave with unequal rewards," the UN Development Programme said in its 1992 report on human development.

"At a time when national markets are opening, global markets remain greatly restricted. The developing countries, with some notable exceptions, are finding it difficult to exploit fully the potential of these markets," the UNDP said.

The income gap between the world's richest and poorest nations has doubled in the 30 years to 1990, said the report which chronicles worldwide progress in issues such as education, health, income, employment and the environment.

The agency called on the world's nations to remove trade barriers and to increase development aid through defence cuts. It also suggested imposing a global income tax to redistribute income across national borders.

In addition, it said developing countries should make their governments more responsive to the people and spend more money to build a skilled workforce.

"If global markets were truly open, they would allow capital, labour and goods to flow freely round the world and help equalise economic opportunities for all," the report said.

It added "if developing countries are to trade on a more equal basis, they will need massive investment in people."

The UN agency said that by 1990, the richest fifth of the poorest fifth, double the gap in 1960.

It listed Mozambique as the poorest country, with a Gross National Product per capita of dollar 80 in 1989, compared with dollar 29,880 for Switzerland, the richest.

It called for a global central bank, which would have powers to impose "adjustment programmes" on rich as well as poor nations, more authority for the international trading organisation GATT and a stronger UN role in economic and social development.

This UN roll would be carried out through a proposed development security council patterned on the existing security council which deals primarily with political issues.

The report also updates a "human development index" of quality of life, introduced in 1990.

It said Canada had overtaken Japan as the top-ranked country on the list, and the West African state of Guinea had replaced neighbouring Sierra Leone at the bottom.

## 'Development Security Council' proposed

WASHINGTON, Apr 23: A United Nations development report released Thursday calls for establishment of a 22-member UN Development Security Council to coordinate police of aid, debt, ecology, and development, reports AP.

The report also suggested that an agency be set up called Honesty International, which would monitor corruption the way Amnesty International monitors human rights abuses.

The 1992 Human Development Report suggested that the Development Security Council have 11 permanent members.

They would include the current five Security Council members, the United States, Russia, China, Britain and France, plus Germany and Japan and four populous developing countries, Brazil, Egypt, India and Nigeria. It would have 11 rotating members.

The council would coordinate development and humanitarian aid and design global policies for food security, environmental protection, debt, commodity prices and other issues.

Honesty International would be privately funded and have its own investigators and agents to follow up on reports from the media or inside "whistle-blowers" of possible corruption.

The discovery of bribes and corruption "should not await the fall of a corrupt dictator. There should be an international system to monitor for the arrival of dubious money," the report said.

The development report was prepared by a panel of international economists led by Pakistan's former finance minister, Mahbub ul Haq, under the auspices of the UN Development Programme.

### Taiwanese invested \$1.8b in S-E Asia in 3yrs

TAIPEI, Apr 23: Taiwan investors have poured 1.79 billion US dollar into South-East Asia over the past three years, investment commission officials said Thursday, reports AP.

A total of 1.23 billion dollar was invested in the United States during the same 1989-91 period, the officials said.

Pressed by exorbitant land prices, an acute labour shortage, escalating wages and growing anti-pollution sentiment, more local manufacturers have shifted their operations to South-East Asian countries, they noted.

Malaysia topped other countries in the region as an investment haven, siphoning 785 million dollar from Taiwan in the three years, they added.

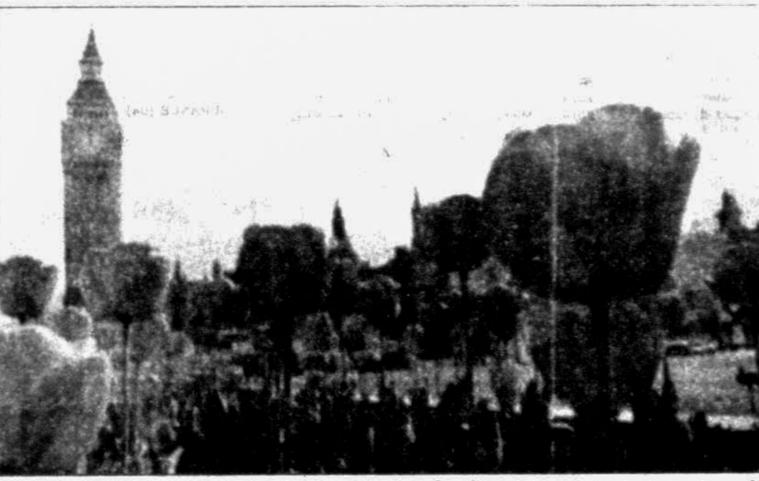
However, incoming and outbound investment here has been in decline for months as Taiwan is losing here has been in decline for months as Taiwan is losing its pull amid a world economic recession and political instability as well as prohibitive real estate prices.

Taiwan's overseas investment plunged 62.42 per cent to 280 million dollar in the first quarter of this year, while approved foreign investment here slid 64.45 per cent to 214 million dollar.

Meanwhile, China has emerged as a new favourite for local manufacturers with its cheap labour and more accessible raw materials.

In 1991 alone, 49 Hong Kong-bound investment projects totalling 199.6 million dollar were approved, representing a mammoth 503 per cent growth in value over a year ago, as more Taiwan businessmen invested in the mainland via the British colony.

The nationalist government here, driven off the mainland by the communists in 1949, has banned direct contact across the Taiwan strait.



FLOWERS CALL TOURISTS: Spring comes to London parliament and Big Ben through the annual garden of tulips, giving a tourist eye view of —AFP photo by Johnny Eggitt

## Bid for W Hemisphere free trade

WASHINGTON, Apr 23: Western Hemisphere business leaders gathered Wednesday in an unprecedented conference to push for a free trade zone covering North, Central and South America by the year 2000, reports AP.

Led by banker-businessman David Rockefeller, the Forum for the Americas is expected to adopt a report calling for the Hemisphere-wide zone. President Bush, who has supported the idea, delivers the forum's closing address on Thursday.

The United States, Canada and Mexico have been working for nine months to develop a free trade accord for North America that will remove all trade barriers among the three neighbors.

Former US Secretary of State Henry Kissinger, addressing the forum of 400 re-

gional business leaders on Wednesday, challenged the Bush administration to conclude the three-way agreement quickly, defend it politically and then move on to include other countries.

He said it should be extended to Chile, Argentina, Venezuela, Colombia and Brazil beginning early in the next US administration. Bush in 1990 adopted an initiative supporting a region-wide free trade zone, but no broad negotiations have been conducted outside the North American talks.

Although some US and Mexican interests who oppose the agreement may be temporarily damaged by free trade, Kissinger said, "it will also achieve a mutual benefit for all of North America."

"If we falter," Kissinger said, "we do untold damage to

those committed to it."

US automakers want assurances in the agreement that Japanese companies won't open assembly plants in Mexico to circumvent voluntary limits on imports into the United States.

The accord also faces persistent opposition in Canada, which fears US economic domination following the recession in both countries.

Thomas D Aquino, a Canadian businessman and president of the Business Council on National Issues which co-sponsored the forum, said he expects Canadian opposition to subside as the economy improves.

"Canada cannot just sit on its hands in the cold north and do nothing," he said at a joint news conference with other organizers.

## IMF forecasts 10-fold price hike in CIS

WASHINGTON, Apr 23: The economic outlook for the former Soviet Union remains bleak with consumer prices expected to take a tenfold leap while output continues to plunge, according to IMF analysts, reports AP.

The International Monetary Fund said Wednesday in its "World Economic Outlook," that total output of goods and services fell by 17 per cent last year in those nations and will drop by another 17.5 per cent this year.

The IMF is trying to marshal Western economic assistance for the 15 former Soviet republics.

IMF Managing Director Michael Camdessus was expected to discuss the prospects for Russia and the other republics Thursday prior to next week's spring meeting of the IMF and the World Bank.

Both organizations were making preparations to admit the former republics as full members, a move that will make them eligible for up to \$45 billion in IMF and World Bank assistance in coming years.

President Bush is counting on the IMF to take the lead in coordinating Western assistance for all the former republics as they seek to switch to free market economies.

The IMF's new economic forecast released Wednesday gave some hint of just how difficult that transformation will be.

It said in addition to an expected loss of more than one-third of total output in two years, the former Soviet republics could expect to see consumer prices shoot up by 1,000 per cent this year following price increases of 86 per cent in 1991.

However, Michael Mussa, Director of the IMF's economic research department, said if the President Boris Yeltsin's reform programme is successful, consumer inflation should slow to single-digit monthly increases by the end of this year.

The IMF said the economic disruption in the former Soviet Union and the emerging democracies of Eastern Europe were acting as a drag on the entire world economy.

## India's private sector to get more fund

BOMBAY, Apr 23: India's central bank said on Wednesday it would increase bank funds for the private sector in the first half of fiscal 1992/93, reports Reuter.

Reserve Bank of India Governor S Venkiteraman said in a statement more funds would be available because the government would be borrowing less and the steep reserves which banks are required to maintain had been slashed.

Venkiteraman said the policy aimed to revive industrial and farm output and curb inflation.

The objective of monetary policy... (is) to revive industrial and agricultural production and encourage exports," he said.

The central bank wants to slow down the growth of money supply (M3) to 11 per cent in 1992/93 from 18.6 per cent in 1991/92 and 14.9 per cent the year before.

Inflation is targeted to fall

to eight per cent in 1992/93 from about 14 per cent in the last fiscal year.

Venkiteraman said the government's plan to cut its fiscal deficit from 6.5 per cent of GDP in 1991/92 to five per cent in 1992/93, announced in February's budget, would reduce its borrowing needs.

The reserve Bank has scrapped a 10 per cent incremental cash reserve ratio, introduced in May 1991, together with a cut in the Statutory liquidity ratio in February. This would release about 40 billion rupee 1.5 billion dollar for lending, Venkiteraman said.

The Reserve Bank is giving banks freedom to fix deposit rates up to a ceiling of 13 per cent.

Lending rates range from 11.5 per cent for loans up to 7,500 rupees 29 dollar to a minimum of 19 per cent for 200,000 7,700 dollar and more.

## GCC economic meet begins

ABU DHABI, Apr 23: The Financial and Economic Cooperation Committee of the Gulf Cooperation Council (GCC), opened a two-day meeting in Riyadh Thursday, reports Xinhua.

Reports from the Saudi Arabia's capital said that Finance Ministers of the six GCC states including Saudi Arabia, Kuwait, Qatar, Bahrain, Oman and the United Arab Emirates are to discuss using a unified currency, levying Value Added Tax and ongoing negotiations with major international economic powers, as well as customs affairs.

An earlier report from Dubai, the UAE, quoted the UAE Minister of State for Financial and Industrial Affairs Ahmed bin Hameed al Tayer as saying that the committee would discuss the recommendations made at a recent meeting of GCC central bank governors.

## IMF predicts poor world growth

WASHINGTON, Apr 23: The world economy will struggle back to growth this year but the rate will be just half what had been expected, the International Monetary Fund said Wednesday, reports AP.

The IMF's new economic outlook blamed the poor showing on the aborted upturn in the United States last fall, spreading weakness in Europe and Japan and the economic chaos in the former Soviet Union.

The IMF projected that the world economy would grow at a meager rate of 1.4 per cent this year. That compares to a far more optimistic 2.8 per cent projection the IMF made just six months ago.

The IMF said that it now believed a significant upturn in world growth will occur one year later than it had previously thought, forecasting growth would return to a 3.6 per cent rate in 1993.

However, IMF officials conceded that there were risks

that even their lowered expectations might not be met. They listed the key threats as persistently high interest rates in Germany and other European nations that could further depress growth prospects in that region and the danger that Japanese economy will not rebound as anticipated because of such factors as jittery financial markets.

"There are clearly downside risks to the forecast," said Michael Mussa, director of the IMF's research department.

The IMF's revised outlook was issued in the latest issue of the fund's "World Economic Outlook" as world finance officials began arriving for the annual spring meeting of the 156-nation IMF and its sister lending organization, the World Bank.

**Growth estimates**

Following are economic growth estimates included in the "World Economic Outlook" released by the International Monetary Fund on Wednesday.

- Total world : 0.3 per cent;
- Industrial countries: 0.8 per cent;
- United States: -0.7 per cent;
- Japan: 4.5 per cent;
- Developing countries excluding Eastern Europe and former Soviet Union : 3.3 per cent;
- Africa : 1.4 per cent ; 2.7 per cent;
- Asia : 5.8 per cent; 5.5 per cent;
- Middle East : 0.4 per cent; 15 per cent;
- Western Hemisphere : 2.8 per cent; 2.7 per cent;
- Eastern Europe and former Soviet Union: -16.9 per cent; -14.6 per cent;
- Eastern Europe : -16.6 per cent; -1.0 per cent;
- Former Soviet Union: -17.0 per cent; -17.5 per cent.

# Red Square is for sale and just for one million dollar

NEW YORK, Apr 23: May Day, Moscow's Red Square is for sale for one day and for one million dollar, reports AP.

With Communism dead and Russia in a cash crunch, Moscow is selling the square to foreign companies as advertising space for the celebration that used to honor the workers of the world.

If one million dollar is too much, the sacred Kremlin wall can be had for half that amount. The only thing off limits is Lenin's tomb.

May 1 in Moscow, normally featuring events devoted to the glorification of workers, will this year "be the first official celebration of the new Russia," the Itar-Tass Russian news agency said in a letter offering Red Square to big business. "Have your day, but bring dollar. The city government will say 'nyet' to rubles."

The New York office of Tass — once the

official voice of the old Soviet regime — is the exclusive world agent for the deal.

"The Moscow government has asked us to do this," Igor Makurin, a Tass executive board member, said in a telephone interview from Moscow.

The news agency, now owned by the cash-poor republic of Russia, hired a New York-based marketing group, Ikon International, to help it find customers.

Ikon's managing director, Darryl Marks, said his mission is simple: Raise cash.

And although billboards for Coca-Cola and Pepsi already can be seen in Pushkin Square and on sides of river boats, the city has never before offered its sacred monuments as advertising backdrops.

The red brick Kremlin walls and Red Square, now the home of the Russian govern-

ment, represent Russia and all its glory to its citizens. Sergei Kouznetsov, a Tass correspondent, cautioned that the advertising deal may be "sacrilegious to millions of Russians."

Marks said one million dollar not only buys Red Square but "a force of painters and paper hangers, a small army," to build a display.

Other May Day rates:

For 400,000 dollar, a company can spread its slogan across the huge front wall of GUM, the world's largest department store (although it has little or nothing on its shelves).

For 250,000 dollar, Tass offered the brick backdrop of Moscow's history museum.

For 60,000 dollar each, two blimps will float above Lenin's tomb.

For 20,000 dollar to 100,000 dollar, billboards can be erected around the square.

"We are trying to contact as many Fortune

500 companies as possible," said Kouznetsov.

He said contacts have been made with such giants of capitalism as AT&T, American Express, Coca-Cola, Estee Lauder, Gillette, IBM, McDonald's, Occidental Petroleum, Pepsi, Reebok, Sara Lee and tobacco companies worldwide.

"The offer is being given attention," said Denise Stovell, manager of media relations for Sara Lee Corp. in Chicago. "It's a tight time frame. We are looking at it, but have not gotten back to Tass yet."

Time is tight because the orders from Moscow didn't arrive until April 15, impossibly late by American standards.

"When I first heard about this, I thought it was crazy," said New York Tass bureau chief Yuri Romantsov. "They should have thought about it earlier. Otherwise, it's a great idea."

## Business briefs

- BankAmerica's merger takes effect:** BankAmerica Corp said its merger with Security Pacific Corp took effect Wednesday, the largest combination ever in US banking history, reports AP from New York.
- The five billion dollar deal took nine months to complete and was reviewed by numerous bank regulators in the US and 44 countries, the bank said.
- Americans observe Earth Day:** Tree plantings, recycling programmes and beach cleanups headed up Wednesday's observances of Earth Day in the United States as advocates worked to increase environmental awareness and conservation, reports AP.
- German aid to Israel opposed:** A parliamentarian with Chancellor Helmut Kohl's governing party said Tuesday that Germany should not grant Israel's request for aid unless settlement construction in the occupied territories is halted, reports AP from Bonn.