

Thai cabinet okays \$22b budget

BANGKOK, May 13: The Thai cabinet approved a 550 billion baht (22 billion US dollar) budget for the 1993 fiscal year, a government official said Wednesday, reports AFP.

The budget, approved at a Tuesday cabinet meeting, is 89.6 billion baht (3.58 billion dollar) more than the fiscal 1992 budget but will still be balanced, the official said.

Total expenditure for 1993 was increased five billion baht (200 million dollar) on the figure set by the previous administration in order to accelerate rural development and to provide assistance to drought-hit farmers, the official said.

New Prime Minister Suchinda Kraprayoon has made rural development a key priority of his administration.

Foreign aid helps USA: Agencies

WASHINGTON, May 13: US agencies helping former Soviet republics and other needy areas of the world made their case for more money Tuesday by telling senators that foreign aid helps the United States, reports AP.

President John D. Macomber of the Export-Import Bank asked for 633 million dollar next year. He said that would pay for 11,385 billion dollar in loans, loan guarantees and insurance to buy US products for export.

Many senators, including Patrick Leahy, Chairman of the foreign operations subcommittee, have been skeptical about the likelihood that Congress will approve new aid in the midst of a recession and a presidential race.

Leahy was more encouraging Tuesday. "What we give in foreign aid is a pittance compared to what comes back in the form of jobs for Americans and sales of US products," he said.

In Eastern Europe, Macomber said, "Trade expansion and the opening of markets will assist these countries' economies, which will in turn help to encourage political stability."

"But, of paramount importance to us [are] the resulting US export sales which will in turn help our economy."

Kathryn B Morgan, Director for Policy at the Agency for International Development, emphasized the cost of peace and stability in the world.

The largest portion of our non-food aid foreign assistance about four billion dollar out of the total of 6.8 billion dollar... is for programmes that directly support US foreign policy interests. This includes issues such as base rights, Middle East stability, aid to the former Soviet Union and aid to Eastern Europe.

"This aid is not given for altruistic reasons."

James D Berg, Executive Vice-President of the Overseas Private Investment Corporation, which insures US overseas investment against war and other unusual risks, said the government agency generated 22.9 billion dollar in exports over the past five years.

Iraq repairs underwater pipeline

BAGHDAD, May 13: Iraq, barred from exporting oil by UN sanctions, said on Tuesday it had repaired the underwater pipeline to its Al-Bakr tanker terminal at the head of the Gulf, reports Reuter.

The 50 km pipeline from the southern port of Fao was disabled by Gulf War air raids.

"Al-Bakr's third platform is ready for exports. Terminal can now handle 750,000 BPD (barrels per day)," Asri Salih, acting Director-General of southern oil company, told the Baghdad newspaper Babil.

If fully operational Al-Bakr would handle more than one million BPD.

Iraq has rejected the UN terms, which it says violate its sovereignty.

Japan may raise ODA by 50 pc

TOKYO, May 13: Japan considers increasing its Official Development Assistance (ODA) for developing countries by 50 per cent from the preceding five-year term to 75 billion dollar for the 1993-1997 period, Kyodo reported yesterday, according to Xinhua.

Kyodo quoted Mainichi Shimbun as saying that Japanese Foreign Ministry has

already had discussions with other ministries and agencies to set the target for next five-year assistance program.

The commitment will be presented by Japanese Prime Minister Kiichi Miyazawa at the Munich summit of the world's seven major economic powers in July, if the agreement is reached, it said.

Japan sees a need to increase the amount of its economic assistance since its share of ODA in Gross National Product (GNP) was 0.31 per cent in 1990.

Among the seven major economic powers, Japan currently ranks third, after the United States and Britain, in terms of the percentage of ODA to GNP, the newspaper said.

Japan's national budget for fiscal 1992 beginning April 1 earmarks 952.2 billion yen (about 7.3 billion dollar) for ODA.

The country will be required to increase ODA by at least five per cent annually to achieve its 75 billion dollar, five-year target, the Mainichi said.

ASEAN tariff cut plan set to take off in 1993

KUALA LUMPUR, May 13: A plan to cut tariffs among members of the Association of South East Asian Nations (ASEAN) appears set to take off next year despite a recent Thai request for more time to prepare for the scheme, officials said here Tuesday, reports AFP.

"Right now, we are formulating our schedules, getting feedback from our private sectors and drawing up our own lists of offers towards implementing the scheme," said Rafidah Aziz, Malaysia's Minister for International Trade and Industry.

Rafidah said that senior officials of the six ASEAN members — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand — had begun talks to fine-tune a Common Effective Preferential Tariff (CEPT) arrangement that will come into effect on January 1, next year.

The CHEPT, a system of phased tariff cuts, was adopted by the ASEAN heads of governments at a summit in Singapore in January this year as the main mechanism for moving towards an ASEAN Free Trade Area (AFTA) within 15 years.

"I am confident, not withdrawing existing domestic political problems in Thailand. Thai senior officials responsible for fine-tuning the scheme will push for its immediate implementation once the scheme comes about on January 1, 1993," Rafidah told newsmen.

Plan to set up special trade zone in Tibet

BEIJING, May 13: Officials plan to create a special economic zone to attract investment from inland provinces and foreign countries to Tibet, one of the most isolated regions in China and official report said Tuesday, according to AP.

But officials say many job obstacles remain, including hazardous weather conditions during the winter, inadequate transportation, energy shortages and limited markets, the English-language newspaper China Daily said.

Foreign investors also are likely to be discouraged by tight restriction on travel to Tibet and heightened tensions in the area following stepped up activities in recent years by Tibetans seeking independence from China.

Chinese officials closely monitor tourists who travel to Tibet, and foreign journalists based in Beijing repeatedly have been denied permission to visit.

The China daily said the regional government in Tibet is working on a series of preferential policies for investors including tax cuts and low fees for land usage.

The regional government also plans to open several new border trading posts, the newspaper said.

In Hong Kong, the official China News Service reported Tuesday that Tibet would soon open the town of Burang in Ngari Prefecture, ending the 30-year old closure of the Sino-Indian border.

It said China and India had agreed to open the border between June 1 and Sept 30 every year for religious pilgrims and tourists.

Since 1987, Tibetans have demonstrated repeatedly for independence, clashing violently with Chinese security agents sent to crush the demonstrations. Chinese authorities have cracked down on the region, imposing more than a year of martial law on the capital, but periodic reports of anti-Chinese activities still surface.

China says Tibet has been an inalienable part of its territory for 700 years. Many Tibetans say the region was an independent nation until Chinese troops invaded in 1950.

Australia will reduce immigration intake

CANBERRA, May 13: Australia will cut its immigration intake by 31,000 to 80,000 in the year starting July 1, Immigration Minister Gerry Hand announced Tuesday, reports AFP.

Speaking in parliament, Hand also said that certain categories of people seeking entry to Australia would be required to prove their mastery of the English language.

The 1992-93 programme will provide 45,000 places for family migrants and 23,800 for skilled migrants, he said.

Another 10,000 places will go to refugees and others in the humanitarian and special assistance category, and 1,200 will be in the special eligibility category.

There will be a mandatory English requirement for applicants "where English is critical to the performance of the position, including for health or public safety reasons," Hand said.

Members of the governing Labor Party and other groups have urged the government to tackle Australia record post-war levels of unemployment by cutting immigration.

In his statement to parliament, Hand also announced that skilled workers will be given extra points in the migrants' entrance mark.

"Changes to the skill weightings will enhance selection of people with skills required in the labour market," he said.

Bush's top economic aide forecasts 3 pc growth

PARIS, May 13: The Chairman of President Bush's Council of Economic Advisors on Tuesday predicted an annual three per cent growth rate for the US economy in the second half of 1992, compared with a two per cent rate estimated for the first quarter of the year, reports AP.

Michael Boskin told reporters that the US economy has returned to a pattern of growth and that the economy will accelerate.

Excluding food and energy, he said the outlook for core inflation "is the best for many years."

The latest labour data for April also were encouraging said Boskin, in Paris to attend a meeting of the economic policy committee of the organization for economic cooperation and development.

Projections of economic growth for the 24 OECD countries, including the United States will be presented next week at a two-day meeting of finance ministers.

Boskin said the US economy must grow by more than two per cent to bring down unemployment. He predicted a continued improvement in jobless rate this year.

The US Labour Department last week reported that the unemployment rate fell to 7.2 per cent in April compared with 7.3 per cent in March, the first drop in nine months.

Unemployment will be at the top of the agenda for the finance ministers next week, OECD sources said. Unemployment in the industrialized nations of the OECD had increased to 30 million from less than 25 million two years ago.

OECD figures show unemployment hit 9.2 per cent of the European community workforce in February.

Boskin said the US delegates at this week's policy meeting expressed "some concern about the sluggish growth in the economies of other developed countries". He said the slow growth was exerting a drag on US exports and holding back growth in the developing countries.

US to press for global growth

A Reuters despatch from Washington adds: President George Bush will press America's rich allies to do more to spur global economic growth when he meets his fellow leaders of the industrial world in July, a senior US official said on Tuesday.

Growth will be a key issue at the upcoming economic summit, Treasury Undersecretary David Mulford said. "We have much more to do."

Washington has been asking its rich allies for more than a year for action to avert a threatened world recession but the decision to take the issue to the summit represent a major escalation of the pressure.

Bush is due to meet his fellow leaders of the Group of Seven — Britain, Canada, France, Germany, Italy, Japan and the United States — in Munich, Germany, on July 6-8.

Mulford told a Senate Banking Subcommittee that the economic outlook in most of the G7 nations is not encouraging.

High real interest rates continue to exert a drag on economic recovery, he said.



MAZAR-E-SHARIF (Afghanistan): A man with donkey cart walking past an old German touring bus loaded with a Soviet Volga car ready for transport to Kabul on May 12. Mazar-e-Sharif, near the border with Uzbekistan, is one of Afghanistan's main trading towns and the flow of goods and commodities is steadily growing as a ceasefire prevails between warring Mujahideen factions. — AFP photo

Investment climate improved: Survey

Pak growth rises to 6.4 pc

ISLAMABAD, May 13: Pakistan economy as a whole presents an improved and hopeful picture in 1991-92, says the annual economic survey released here yesterday by the Pakistan government, reports Xinhua.

The economic growth rate in 1991-92 reached 6.4 per cent as compared to the 5.6 per cent in 1990-91, 4.6 per cent in 1989-90, the survey says.

According to the survey, investment levels are higher in Pakistan while climate for foreign investment has been made more attractive. Share market has surged, foreign exchange reserves have stabilized and the rate of inflation has declined.

Productivity, investment and foreign trade have regained sustained buoyancy in a difficult external environment, says the survey.

The survey states that the impact of policies and measures to deregulate, privatize and liberalize the economy has begun to show. Some advancement had taken place in infrastructure sector in particular telecommunications and energy.

The year has witnessed the successful implementation of the reforms package announced by the government since assuming office in November 1990.

The privatization of over 100 units is in full swing and about two-thirds of these have either been handed over to the private entrepreneurs or the deals are in the final stage, the survey said, adding that the

move to offer hitherto public-controlled sectors like airlines, shipping, airports to the private sector has been well-received.

The growth rate of GDP in the current fiscal year ending on June 30 rises to 6.4 per cent from the previous year's 5.6 per cent.

Value addition in agriculture increases to 6.4 per cent in the current year from 5.1 per cent in 1990-91, the survey says.

Total investment is estimated to be 225 billion rupee in the current and fixed investment to be 206 billion rupee which are 17.6 and 17.8 per cent higher than the previous year.

The survey, which is an important pre-budget document, says that the federal budget for 1991-92 envisages 25.5 per cent increase in revenues (net), 7.5 per cent increase in expenditure.

Combined with provincial

revenues, the survey says, this means a reduction in the overall fiscal deficit from the actual 8.8 per cent of GDP last year to 5.0 per cent in 1991-92.

This deficit is to be financed to the extent of 38.1 per cent from foreign resources and 61.9 per cent from domestic borrowing, the survey adds.

The survey says that for 1991-92, an improvement in the current account deficit was envisaged on basis of 20 per cent increase in exports and 2.5 per cent in imports.

Preacher bids to buy UPI

RUTLAND (Vermont), May 13: Religious broadcaster Pat Robertson offered to buy United Press International (UPI) for six million dollar Tuesday as the debt-weekend news agency went up on the auction block in US Bankruptcy Court, reports AFP.

UPI said it would have to close on Friday because it was unable to pay its employees and expenses and asked US Bankruptcy Judge Francis Conrad to shut the company up for auction.

Robertson was the only bidder who wanted to buy the whole operation. A few others nibbled only at some of its healthier assets — its name, its archives, its Spanish news service and leases in Eastern Europe and China.

UPI's attorneys and creditors requested a recess to review the bids and the court was expected to reconvene later Tuesday.

Employees were holding a bedside vigil for the 85-year-old company, which in its prime had won nine Pulitzer prizes for writing photography but had since the late 1970s, lapsed into poor financial health.

"It looks like it's on the brink of death, but we've been through this with them about 10 times, so you never do know," said Kevin Keane, President of the Wire Service Guild, before Robertson's bid.

UPI filed for Chapter 11 Bankruptcy Court protection in August and has reported assets of 18.2 million dollar but it owes its creditors some 60 million dollar.

Robertson, who heads Christian Broadcasting Network (CBN), had said he was particularly interested in the news agency's Latin American and radio operations and incorporating video with the radio and still-picture network.

BSE scandal may hit Indian stocks

BOMBAY (India), May 13: A scandal involving the suspected collusion of senior officials of state-run banks and a major market player threatens India's booming stock markets, brokers and bankers said here, reports Reuter.

"It's affecting the markets a lot," said broker Sunil Kothari. "Bulls are behaving like they have got a been in their ears."

Few sources were willing to be named in discussing the scandal now being probed by

India's federal police and the Reserve Bank of India (RBI), the central bank.

But bankers said that Harshad Mehta, one of India's biggest market players who is at the centre of the scandal, and the senior bankers took advantage of sloppy bureaucratic procedures to divert bank funds into market deals.

Indian banks have to hold just over a third of their deposits in low-yield government securities and these holdings

must be reported to the RBI every fortnight.

The RBI is not swift at checking changes in the holdings and bankers said they believed Mehta and the bankers used the time lag to swing money into the market, make a profit and replace the money in the banks.

They and brokers alleged that Mehta, known as "The Big Bull" in the Indian press, diverted an estimated 20 billion rupee US dollar (770 million)

of bank loans to keep a long rally stock.

The market capitalisation of the Bombay Stock Exchange, biggest of India's 21 bourses, has slumped.

Capitalisation on the Bombay market, which accounts for 70 per cent of total national volume, fell from 3,100 billion rupees (US dollar 120 billion) to 2,250 billion (US dollar 86 billion), exchange officials said.

'No, a Swede can't make Indian food'

STOCKHOLM, May 13: Indian chefs are hard to find and hire, at least in Sweden, writes AP.

Ask Satish Khanna, owner of the oldest Indian restaurant in the west coast city Göteborg. Since 1989, Khanna has been trying to employ an Indian chef.

He prepares the food for his customers, but due to failing health and the effects of childhood polio, he needs help.

The National Job Center has advertised the position several times without any result.

Last year Khanna tried to solve the problem himself by hiring a chef from India. But the Ministry of Labour turned down the application for a work permit.

The ministry said a Swede could do the job just as well, Khanna disagrees.

"It has to be an Indian, brought up with Indian food culture, who can prepare Indian food," he told the national news agency TT.

Khanna's final hope is an appeal to Labour Minister Borje Hornlund.

If he doesn't intervene, Khanna will have to close his restaurant.

Business briefs

Bank of Tokyo allowed in Moscow: The Russian government has permitted the Bank of Tokyo to open a representative office in Moscow as the first Japanese private financial institution to get a foothold in the country, Jiji Press reported Tuesday, according to AFP from Tokyo.

The Japanese Finance Ministry in return plans to promote the establishment of Russian financial institutions in Japan, the news agency quoted ministry officials as saying.

The Export-Import Bank of Japan is preparing to open an office in Moscow in October and a regional Japanese Bank, Michinoku Bank, is also considering setting up its base in Russia, Jiji said.

ME economic talks in Paris Oct: The next round of multilateral talks on Middle East regional economic cooperation will take place at the beginning of October in Paris, the Portuguese Presidency of the European Community announced Tuesday, reports AFP from Brussels.

The first round ended in Brussels on Tuesday after two days of discussions between 38 delegations. Portuguese Ambassador Leonardo Mathias said he hoped Israel, Syria and Lebanon, which boycotted the first round in Brussels, would attend the Paris talks.

Smooth passage of budget a big boost for Rao's reforms

NEW DELHI, May 13: India's ambitious programme of economic reform has received a big boost in the smoother-than-expected passage of the governments' radical budget, analysts said on Tuesday, reports Reuter.

Finance Minister Manmohan Singh's budget won final approval in parliament's upper house on Monday night, a week after it passed in the lower chamber despite opposition charges in debate that it was anti-poor.

The liberalisation programme has obtained broad national acceptance, especially the new policy of de-regulation

and entry of foreign companies into India, said analyst Bhabani Sengupta of the New Delhi-based Centre For Policy Research.

Immediately on taking over as a minority government last June's election the Congress Party of Prime Minister PV Narasimha Rao launched a stunning sequence of reforms to the economy, which has been largely directed by the state for 40 years.

He ditched licensing requirements for industry and traders and opened up the economy to foreign investors, a process which will be continued under the new budget

Working in Singh's favour in his effort to get the budget through the Lok Sabha, or lower house, was the divided opposition, each more at odds with the other than with Congress.

The left-of-centre Janata Dal and the communists have a total strength of 108 in the Lok Sabha, but just 56 members turned up to vote against the budget.

The major opposition party, the Hindu Nationalist Bharatiya Janata Party (BJP) did not take part in the voting.

BJP officials said the party did not want to approve the budget, but it also did not want

to bring down the government and force a new election.

The party supports liberalisation but wants the entry of multi-nationals restricted to areas that would help develop the economy.

"It is ridiculous to ask multi-nationals to come here to produce battered beverages, breakfast foods of a chain of hamburger stores, senior BJP leader Jaswant Singh told Reuters.

But it makes sense to invite foreign collaboration in sectors such as power, oil, transport and defence research, he said.

Supporting Congress in parliament but opposing it

outside, the BJP is floundering according to analyst Pran Chopra.

"The party is not prepared to pull down the minority Congress government, because it is not sure how it will fare at an election, he said."

The nation's mood is not for elections and the BJP is unlikely to disturb the present government just yet.