

Business

Days of NYSE numbered?

NEW YORK, May 14: The New York Stock Exchange is celebrating its 200th anniversary with a 25,000 dollar a table party, a stickball tournament and the planting of a buttonwood tree like the one under which its founders met, reports AP.

But when the Koopla dies down on Wall Street, the institution that symbolizes capitalism around the world still will have to contend with the most serious challenges in its history.

The main threat to the Big Board, as the exchange is known, is a notion advanced by many market participants and academics: that a stock exchange floor run by humans is outdated in a computerized world.

Critics say the days of the NYSE's cavernous five-story trading floor are numbered, and point to fully computerized systems springing up in London, Paris, Toronto, Chicago and elsewhere.

"I think it's obsolete," James Lorie, professor Emeritus at the University of Chicago's business school, said bluntly.

The NYSE disagrees. While pleading to meet demands for more automation, Big Board officials say the trading floor where "specialists" control trading in every stock is the most efficient, cost-effective and regulated market around.

"We're trying to dispel the erroneous image that because we rely on human intelligence at the point of transaction that somehow is antiquated," the NYSE's Chairman, William H. Donaldson, said in an interview.

"When you deal in this market you have a better system of (stock pricing) and you have a

African GDP growth rate rises

ABIDJAN, May 14: The overall Gross Domestic Product (GDP) of African countries in 1991 grew by 2.5 per cent compared with 2.1 per cent in 1990, according to the annual report for 1991 of the African Development Bank (ADB), reports Xinhua.

However, as the African population increased by 3.1 per cent there was a decline in real per capita income.

The modest GDP growth in the 51 ADB regional members-countries is attributed to mining, agriculture and manufacturing, which grew by two per cent, four per cent and five per cent respectively.

However the external payment position of ADB regional member countries deteriorated in 1991, with the current account deficit increasing to 8.5 billion US dollar after declining sharply to 4.4 billion US dollar in 1990, the report says.

In 1991, the report adds, the real GDP fell by four per cent in the Middle East because of the Gulf crisis, real output increased modestly in the Latin America and Caribbean region, owing partly to a return of flight capital and higher foreign investment.

Mozambique appeals for food aid

MAPUTO, May 14: Drought-stricken Mozambique appealed for massive food aid to save more than three million people from starvation, reports Reuters.

Prime Minister Mario Machungo told a gathering of foreign diplomats and aid agency representatives that recent surveys by the government and UN agencies indicated "an almost total crop loss in the centre and south of the country."

An appeal document, drawn up with UN agencies and delivered at the meeting foresees a famine that will wipe out a fifth of the country's 15 million people unless aid arrives in time.

Last December the government and the UN estimated that 1,830,000 Mozambicans needed free food aid to survive in 1992 because of the war being waged by right-wing Renamo rebels and drought in a few regions. Total international food aid requirements were then estimated at 986,325 tonnes.

But that estimate was made before year-end rains failed. The new appeal puts total needs at 1,316,050 tonnes of food for the 12 months beginning May 1, 1992. Of that total, 1,125,000 is grain mostly maize but also some rice and wheat.

"You could call this the final phase of the negotiations," Weekes said.

Japan-WB set terms for 2-step loans

TOKYO, May 14: The World Bank and Japan's Overseas Economic Cooperation Fund (OECF) have agreed on conditions for providing so-called two-step loans to developing countries, a senior OECF official told reporters, reports Reuters.

Two-step loans are loans made from institutions such as the World Bank or OECF to national development banks who in turn provide funds for private projects in their countries.

Isao Kubota, Managing

Director of the OECF, said that the conditions for two step loans from either OECF or World Bank were macro-economic stability, effective public administration and an adequate financial system. He did not elaborate.

Japan has been seeking a louder voice in World Bank policy and these conditions reflect a compromise between the OECF and the World Bank.

"We should try to have an intellectual contribution to the World Bank", Kubota said, but

added that the two sides disagreed on the key issue of subsidised two-step loans.

Japan, which sees a leading role for government in national development, has advocated providing funds at below market rates.

The World Bank, which stresses the role of the free market, prefers its two-step loans to be made at market rates.

The agreement was reached during the World Bank's 10-year evaluation with the OECF

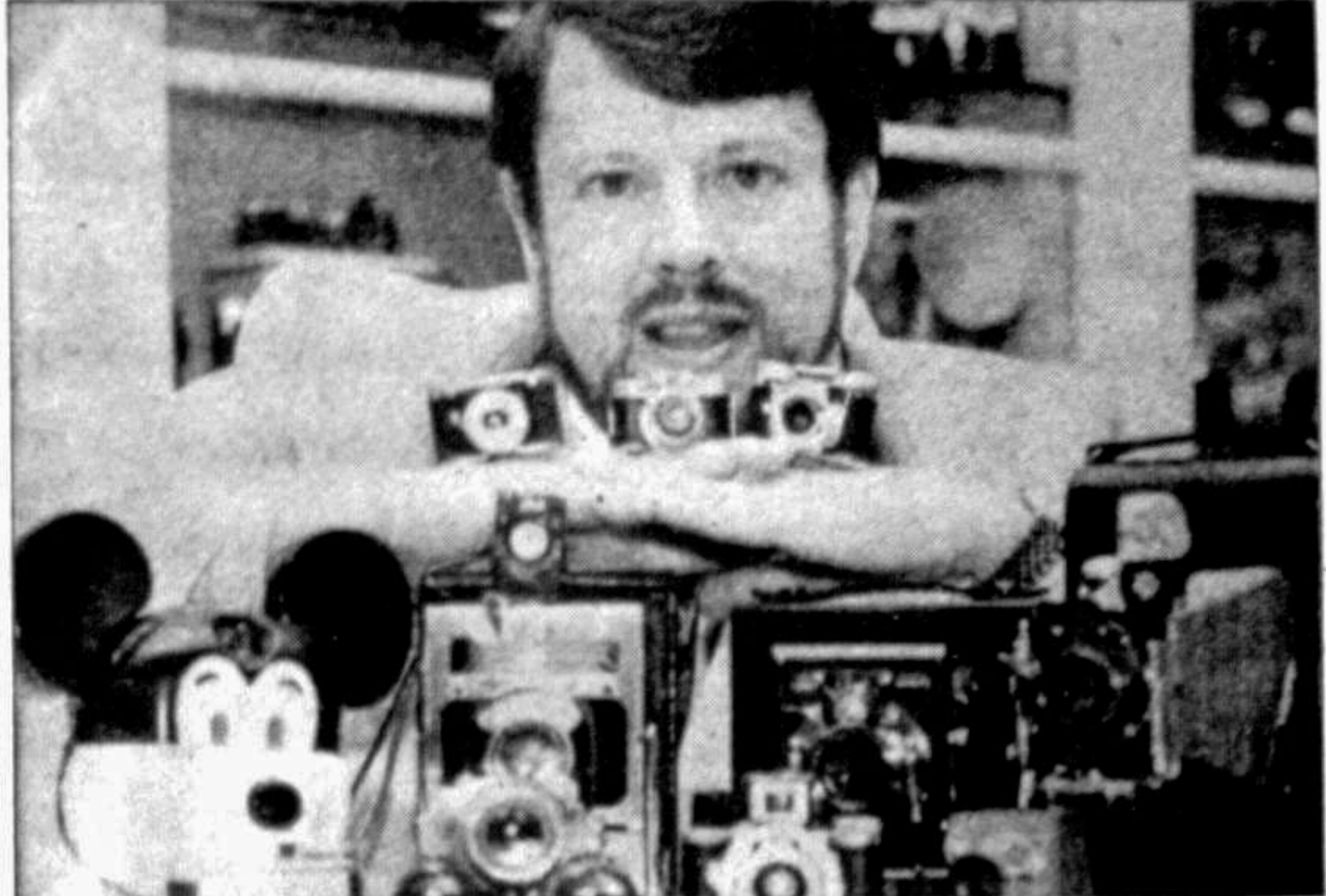
900 m around the world are undernourished

GENEVA, May 14: At least 900 million people around the world are undernourished, 500 million of them chronically so, a UN report said, according to Reuters.

World food production is more than adequate despite rapid population growth, says the report, prepared jointly by the World Health Organisation (WHO) and the Food and Agriculture Organisation (FAO), co-sponsors of a UN conference on nutrition to be held in Rome in December.

But it adds, "low-income and food-deficit countries do not have the foreign exchange reserves to buy food on world markets."

The report says the past decade has been a harsh one for many developing countries as economic growth has stagnated and the debt burden has grown. Nearly 13 million children under five die every year as a direct or indirect result of malnutrition and infection.



CAMERA COLLECTOR'S DREAM-CHILD: David Lawrence posing with some of his stock that form part of a new store devoted to the world of collectable cameras. The store called 'classic collection' is Lawrence's dream-child, whose extraordinary collection of 250 spy cameras was auctioned for a record 296.00 pound at Christie's in December, - AFP photo.

India's trade gap down to record low

NEW DELHI, May 14: India's trade deficit narrowed to a record low of dollar 1.61 billion in the 1991-92 financial year (April-March) because of tough import restrictions, according to figures released by the government, reports Reuters.

Imports fell to dollar 19.39 billion in 1991-92 from dollar 24.06 billion in 1990-91 while exports dropped marginally, the Commerce Ministry said.

Exports were dollar 17.78 billion, a fall of 1.9 per cent over the previous year mainly due to disappearing markets in the former Soviet Union. Exports to Asian and western markets rose by only 6.34 per cent in about a decade, it said.

The trade deficit, about dollar 5.9 billion in 1990/91, shrank because of severe import restrictions imposed to cope

with a severe balance of payments crisis which pushed the country to the brink of default in June last year.

India also launched landmark reforms in its state-controlled economy, opening up to foreign investment and liberalising trade policy to boost exports.

The government estimates imports will rise to about dollar 24 billion in 1992-93, but sees exports rising to about dollar 20 billion. It says the dollar 4 billion deficit will remain until 1995-96. After levelling off, India could have a small surplus.

Probe into foreign banks' role ordered

An AFP despatch adds: India has ordered its central bank to investigate three foreign and

17 state banks in the country's biggest stock market fraud involving a bull broker and financial agencies, officials said Wednesday.

The Reserve Bank of India (RBI) has ordered Citibank, ANZ Grindlays and Standard Chartered banks to prepare statements on their dealings in the bond market in connection with the 230 million dollar market scam, they said.

New Delhi expanded on going investigations following reports that investors lost 25 billion dollar because of virtual crash of the stock market since the scandal surfaced three weeks ago.

The RBI Governor S. Venkatarayanan said late Tuesday that 17 national banks have also been directed to prepare statements in their government securities transac-

tions for investigators probing the country's murkiest stock deal.

"Dimensions of the whole scam would be clear only after the investigation is complete," Venkatarayanan told a hastily-called news conference, in a first reference to the suspected involvement of the foreign banks.

"We do not have any figures," he said.

RBI will do detailed investigations into the system of the 17 Indian banks, most of leading state-owned banks, Venkatarayanan said.

Indian rules permit brokers to conduct inter-bank sales, and investigators say a lack of communication between banks had enabled Mehta to secretly pump 650 million rupees (230 million dollar) of government money into the stock market for private gain.

Transparency in gold market urged

LONDON, May 14: The first chairman of the London Bullion Market Association (LBMA) steps down from his position after four years and in an interview with Reuters, made a final appeal for greater transparency in the gold market.

Robert Guy, Director of Bullion House N M Rothschild said the long bear run in gold had discouraged investors from using the market, but added that if they returned as the market picked up, they would demand more information.

"If you want to attract investors into the market you shouldn't ask them to invest blind," Guy said.

The LBMA Chairman said historic but regular reports on London's gold market turnover would also assist the Bullion Houses themselves.

"It is internally important for the companies involved in the market to have a benchmark to compare their activities with each other," he said.

Guy pointed out that both the gold and foreign exchange markets appeared to benefit by producing turnover figures and he said the gold market should gradually do the same.

"I think the majority of market makers would be happy to see turnover figures, but the LBMA believes in consensus," he said.

Value Added Tax (VAT) on gold would be a major issue for his successor who will assume the chairmanship of the LBMA after its annual general meeting Thursday.

Rothschild Director said the outcome of current talks in Brussels on the harmonisation of VAT rates within the EC was of vital importance to the London and continental gold markets.

"As far as London is concerned the worse we could do is maintain the current situation. There are sound reasons for removing VAT from gold, but political reality means this will be very hard to achieve," he said.

Under current regulations members of the LBMA who trade between themselves do not pay VAT on their transactions.

"It would be helpful if investors could buy gold free of VAT provided they did not take delivery," Guy said.

The LBMA Chairman said he saw no current move towards the market adopting a central clearing house system, but he said there was an interest in reducing the cost of providing a clearing service in London.

"There is no standard cost charged by the London market to the international world... and the provision of that cheap or free service obviously attracts a lot of business," he said.

Insider trading in Turkey's capital markets banned

ISTANBUL May 14: Turkey put into effect a new capital markets law banning insider trading for the first time and allowing a wide range of new instruments which brokers hope will increase public awareness of the fledgling market, reports Reuters.

The law aims at transparency in the capital markets, eases issues of new tools and broadens the powers of the government's regulatory and supervisory watchdog, Capital Markets Board (SPK).

The law was published in the official gazette.

Investors have long complained about the lack of complete financial disclosure and auditing standards in Turkey. SPK can now sue companies refusing to publicise necessary information for which it holds responsible company executive boards and shareholders owning at least 10 per cent of equity.

Institutions trading in insider information and manipulating prices face fines of between 500 million and one billion lira and jail sentences from three months to one year.

Independent auditors will also be held responsible for insufficient and incorrect disclosures of company reports.

All listed banks will be regulated by the SPK, stripping them of some of the advantages given by the banking law under which the banks are free to decide to give dividends or not.

Financial institutions other than banks will be allowed to set up mutual funds - previously a monopoly of banks.

The SPK will be authorised to regulate repurchase agreements in treasury bills which make up the bulk of Turkish securities trading that is more than 90 per cent dominated by the government.

Business briefs

Indian tycoon's son missing: The son of a wealthy London-based Indian industrialist was "reported missing under suspicious circumstances" and possibly kidnapped, police said Thursday, reports AP from Bombay.

Dharam Hinduja, 21 son of Srichand Hinduja, disappeared early Wednesday morning after he left home by car to say prayers in a temple. Police Commissioner S. Ramamurthi said.

Philippines central bank chief quits: President Corason Aquino on Wednesday accepted the resignation of Edgardo Espiritu, President of the Philippine National Bank (PNB), after a row over election spending, officials said, reports Reuters from Manila.

China to buy 10 Dutch Fokkers: China will buy 10 Dutch-built Fokker F100 passenger aircraft as a reward for the Netherlands suspending the sale of 2.7 billion dollar worth of submarines to Taiwan, a weekly magazine said

'Final phase' of NAFTA talks held

TORONTO May 14: Chief negotiators from the United States, Mexico and Canada met in Toronto on Wednesday in what one official called the "final phase" of negotiations on a North American Free Trade Agreement, reports Reuters.

Canada's chief negotiator, John Weekes, told reporters that work remained to be done on the car sector, investment, energy, market access and procurement.

"You could call this the final phase of the negotiations," Weekes said.

Let's have a look at what is UPI and the man who wants to buy it

WASHINGTON, May 14: The US news agency United Press International (UPI), which may soon be owned by Christian broadcaster Pat Robertson, has had a long and financially troubled history, reports AP.

US bankruptcy judge Francis Conrad Tuesday agreed to allow Robertson, the only bidder on the entire operation, to have 30 days to look over UPI's finances before closing the proposed six-million-dollar deal.

UPI, which has been losing money for nearly three decades, declared bankruptcy for the second time on August 28, 1991.

The feisty agency has been run on a shoestring since publisher EW Scripps launched it in 1907 when the Associated Press (AP), which is a cooperative, refused to sell its service to his paper because it had a policy of only accepting one cooperative member per city.

Throughout UPI's own long-running story, its reporters were on the scene around the world as history happened. And in a way it changed the history of news wire reporting: To compete with the older, stronger AP, UPI gave its writers bylines and allowed them to write more colorfully.

In New York on March 25, 1911 William Shepherd dramatically illustrated the new style. He happened on a raging

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fire at the Triangle Waist Company factory which forced dozens of young men and women to leap from the building's upper floors.

"Thud-dead: Thud-dead: Thud-dead: Sixty-two 'Thud-deads,'" wrote Shepherd. "I learned a new sound - a more horrible sound than description can picture. It was the thud of a speeding, living body on a stone sidewalk," he wrote.

UPI was often in head-to-head competition with AP never more so than on November 22, 1963 at Dallas when President John Kennedy

was assassinated. Merriman Smith of UPI and Jack Bell of AP were in the motorcade - Smith grabbed their car's only radio phone first.

The UPI reporter called Editor Jack Fallon an 11-word bulletin: "Three shots were fired at President Kennedy's motorcade in downtown Dallas."

Smith then asked Fallon to read back the story, and

the toughest job he ever had was working the overnight in Kansas city for UPI.

The news agency also provided sports, economic news and news in Spanish for Spanish and Latin American clients.

During the long financial downhill slide, which Unipressers have compared to watching a loved one die of cancer, reporters have worked on, despite layoffs, pay cuts, long hours, occasional embarrassments, cancelled vacations and no expenses to speak of.

Black humor and irreverent attacks on top management helped keep spirits up.

The seeds of UPI's future financial disaster may have been planted in 1945 when the supreme court ruled that AP had to accept all clients who wanted to join - otherwise it violated anti-monopoly legislation.

That meant that when the news market later shrank and struggling newspapers were looking to cut costs, many cut UPI but kept the larger, stronger AP.

Years after UPI started losing money, scripps howard sold it for a dollar in 1982 to a pair of Tennessee businessmen who were later accused of bleeding the struggling wire service for cash.

UPI declared bankruptcy in 1985. The next year, it was bought by a Mexican millionaire and Texas real estate developer for 41 million dollar. They lost millions and re-sold UPI in February 1988 to Infotechnology Incorporated, which is also bankrupt.

Despite the persistent reversals, the chance to be on the front row of history has kept Unipressers soldiering on.

"I've been able to do some interesting things, covering the early days of the space programme, the civil rights movement. UPI has always let me do what I wanted to do," says Leon Daniel, a 60-year-old foreign desk editor. "I've had a good ride."

New let's see what Reuters writes about the man who has intended to buy UPI: Pat Robertson is a millionaire preacher and former presidential candidate whose six million dollar cash offer for United Press International (UPI) promises to expand a media empire that already includes cable television and radio networks.

The 61-year-old Virginian's bid - the lone offer for the venerable but bankrupt wire service - made jaws drop at a federal bankruptcy court hearing in Rutland, Vermont.

Many analysts have suggested it could take a miracle to restore UPI to financial health. But some analysts say mainstream media have often underestimated Robertson's business skills by focusing on his professed gifts as a faith healer and his ultra-conservative religious views.

Robertson, the Yale-educated son of a former US Senator, used his career as a charismatic religious broad-

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caster as the springboard for a bid for the Republican nomination for president in 1988.

Though his campaign was ultimately buried when he failed to win votes beyond his own religious constituency, Robertson's early organisational strength angered party regulars and complicated George Bush's campaign for months.

Robertson resigned his credentials as a southern baptist cleric to run for president and rallied disgruntled fundamentalist Christians to a campaign that attacked abortion and homosexual rights as as-

saults on "traditional family values." Bush was scorned as an insider.

More recently Robertson has written books which warned that the post-Cold War "new world order" touted by Bush could actually be the fulfilment of Biblical prophecy in which the anti-Christ emerges, leading to Armageddon in the Middle East and the second coming of Christ.

In Rutland on Tuesday,

Robertson said his religious background did not mean he would interfere in UPI's editorial decisions.

Quentin Schultz, an expert on religious media at Calvin College in Grand Rapids, Michigan, said candidate Robertson derided the media for calling him a "television evangelist" during scandals involving fellow television preachers Jim Bakker and Jimmy Swaggart.

"In retrospect when Robertson insisted he was a broadcast executive and businessman rather than an evangelist he was telling the truth,"

US to stop food aid to Lebanon

WASHINGTON, May 14: The United States has decided to discontinue its food aid to Lebanon, US officials said Wednesday, at a time when this country is suffering through its worst economic crisis in five decades, reports Xinhua.

Spokesman of the Agency for International Development J D Deming said the United States would reduce food shipments to Lebanon by 25 per cent this year and would probably stop altogether in 1993.

Although there is a financial crisis in Lebanon the situation is significantly better than it was a few years ago, he said "all indications are that there is currently no shortage of food."

The US food sent by the American aid programme has been distributed in all parts of Lebanon by a charitable institution known as 'save the children'. The institution will now have to dismiss nearly 400 Lebanese workers employed in its food distribution programme.

The food aid is the only aid Lebanon has received from the United States in the last seven years.

W Germany's GNP growth higher than expected

BONN, May 14: Western Germany's Gross National Product (GNP) expanded by a stronger than expected provisional 1.2 per cent in the first quarter of 1992 compared with the same period last year, the Finance Ministry said on Wednesday, reports Reuters.

Provisional data showed first quarter GNP rose 1.3 per cent from the fourth quarter of 1991, it said.

For now, Bonn was sticking to its January forecast that west German GNP would expand by one to two per cent in the full 1992 year, with pan-German growth seen at around two per cent.

Bonn has predicted former East Germany's economy will expand by a robust 10 per cent in 1992.

Wage appeal

Another report from Hanover adds: Chancellor Helmut Kohl renewed his appeal to unions and employers to agree moderate wage increases for the sake of economic recovery in East Germany.

Meanwhile: The German government, determined to slash soaring budget deficits caused by unification, imposed tight curbs on public spending which it said would maintain international confidence in the country's economy.

The opposition Social Democrats (SPD) dismissed the measures as wishful thinking.

Finance Minister Theo Waigel said Chancellor Helmut Kohl's centre-right coalition had unanimously agreed that Federal spending would not be allowed to grow by more than 2.5 per cent per year until 1996, meaning it will fall in real terms.

Kohl repeated comments he made on Monday that last week's pay settlement in the public sector - giving workers a basic 5.4 per cent rise plus one-off payments - should not be taken as a model for other sectors.

Schultz said in an interview.

Robertson eschews talk of any new run for office and has urged his followers to back Bush against right-wing rival Pat Buchanan.

But he has maintained strong interest in Conservative politics with the fundamentalist-leaning lobby known as the Christian Coalition and delivers regular political commentary on his network's "700 Club" talk show.

Last month the Robertson-headed International Family Entertainment Inc, parent firm for his Family Channel Cable Television Network, made a stock offering which netted millions for him and his 37-year-old son, Tim, who is the firm's president and chief executive officer.

The Family Channel is the crown jewel of a media empire which also includes a radio venture, US Media Corp which bid for UPI, and Northstar Entertainment Group Inc.

Robertson, whose cash pay as International Family Entertainment Chairman was listed as more than 371,000 dollar last year, is also chancellor of Virginia-based Regent University and head of the Operation Blessing International Relief and Development Corp.