Iran seeks

India's help

to rebuild

economy

Tuesday invited India to join it

in building the economy of the

central Asian republics of the

crstwhile Soviet Union, re-

ter. Ali Akbar Velayati, during

his call on the Prime Minister.

I'V Narasimha Rao, said his

country would welcome an

Indian presence and partici-

pation in the economic deve-

iran enjoys a strong influ-

lopment of these republics.

The Iranian Foreign Minis-

ports PTL

NEW DELHI, May 20 : Iran

Pak central bank borrows funds from market

KARACHI, May 20: The State Bank of Pakistan mopped up funds for a week at 2.75 pct as money market maintained its liquid position on Tuesday. dealers said, reports Reuter.

The amount of funds were not immediately known but Nabil Wahid, a dealer at the Bank of America said: 'Apart from that, there was a very little borrowing interest.

He said: "there was a shortage of borrowers in the market, a condition which we think will remain till May 27.

The dealer said T-bills were quoted at 12.50 pct for the May 11, 1992 issues. The inter-bank call rates were quoted between 1-1/2 and 2-1/2 pct.

BP cancels plans to drill Red Sea oil

SANAA, May 20: British Petroleum's (BP) cancellation of plans to drill a Red Sea oil concession was a breach of contract, a Yemeni official source said, reports Reuter.

Western diplomats in Sanaa said last month Saudi Arabia had written to western oil companies warning them against oil exploration inside what its considered the Kingdom's territory.

"The (Yemeni) Ministry of Oil and Mineral resources has informed BP that abandoning the commitment to start drilling was considered a breach of the agreement signed by the two sides," the source said.

Yemen had awarded BP a concession to explore for oil in an offshore area north of the Red Sea Port of Hodeidah.

The decision worsened Saudi-Yemeni relations, al ready strained by Sanaa's pro-Baghdad stance in the Gulf cri-

Yemen considers the off shore drilling spot pact of its territorial waters.

The source said a drilling expert from a Yemeni contracting company had arrived in Hodeidah in preparation for work in the Anttufash block between Hodeidah and the Port of Al-Luhayya, 65 km (40 miles) south of the Saudi bor-

The concession, offered by last year's agreement, covers an area of about 13 square km (five square miles).

BP had also been offered concessions for drilling in blocks seven and eight in Yemen's central Shabwah

Yemen currently produces 250,000 Barrels Per Day (BPD) of crude oil. Official and oil industry sources in Sanaa expect oil output to rise steadily to around 500,000 BPD by 1994

Call to end GATT talks swiftly

PARIS, May 20: The deadlocked Uruguay Round of GATT world trade talks must be brought swiftly to a conclusion if international trade conflict is to be avoided, the Organisation for Economic Cooperation and Development (OECD) said reports Reuter.

Without forthright movement toward market opening measures and a strengthened set of enforceable and predictable rules, international trading relations run the risk of fragmentation, conflict and inefficiency, economy and trade ministers said in a com munique issued after the OECD's two-day annual meet-

Further delay risks losing the momentum necessary for the successful conclusion of the round," the communique

The communique said major participants in the Uruguay Round had recently indicated renewed political commitment

to bring the talks to a swift

"This determination is shared by all members of the Organisation," it said, adding that its members' handling of the talks would be seen as a key test of their commitment to the open international trading system.

"The Uruguay Round is a vital step to anchor in firm ground the efforts that must continue in order to ensure liberal and improved market access in the future. An early, comprehensive and balanced outcome thus offers substantial benefits," it said.

Thai military violence slackens business confidence

European, American investors ditching shares

BANGKOK, May 20: Many European and American investors in Thailand, shaken by the military crackdown on protesters, are ditching their shares although their Asian counterparts prefer to wait and watch, analysts said, reports Reuter.

The stock market's official index plunged 65.05 points, or 8.87 per cent, to 667.84 on Tuesday in the biggest fall since last year's military coup. It regained 9.53 points on Wednesday after sec-saw trading but analysts predict a further drop.

"The impact of this violence on foreign in vestors was different from the (February, 1991) coup because of the bloodshed and the scale," Bruce Clayton, an economist with Hoare Goveitt Securities, said on Wednesday

Clayton said several foreign clients in London were issuing sell orders on their investments in the Thailand stock market and there were concerned inquiries from the United States.

"People are really appalled by the blood

shed," he added.

Hong Kong investors however, preferred to watch the situation develop before reacting. Clayton said, adding: "Those further away in Europe and America scare more easily."

Russell Lerner of Business Risks international said another reason for the lack of immediate reaction in Hong Kong was a difference in the attitudes of Asian and Western investors. . .

'American and West European investors are influenced, to some extent, by ethical and moral considerations. In Hong Kong, Taiwan and Japan, it is a question of profits and safety," he said. Lerner said the unprecedented scale of vio-

lence in Thatland since Sunday - scores of people have been killed - could drive away many foreign investors.

"Investors are looking for some place stable to invest. Thailand doesn't look that way any more, he said.

But concern was growing even before the violence crupted.

"Doubts are being expressed about the quality of the market. . . (but) the consensus is that the stock market's current weakness is primarily due to political worries," W-I, Carr securities said in its April market report.

On Wednesday thousands of protesters continued to defy state-of-emergency decrees and rebuilt barricades across one of Bangkok's main roads.

The violence is the worst in two decades. provoking international condemnation of the

analysts said that condemnation had caused further concern for foreign investors, and many were now wondering if neighbouring South East Asian countries would be a safer

Resource-rich Indonesia promised returns on long term investments, Hong Kongs lure was immediate profits from speculation, and Singapore gave investors the security of an efficient economic system, they added. All three countries also boasted greater stability than Thatland.

investors could also look further afield, to the opening of markets in Vietnam and India. The local investor-dominated market, with

a capitalisation of 42 billion dollar is already struggling to attract foreigners and has tightened regulations on its trading and listing pro-

Doubts about the market also stem from the slowdown of the economy. Thailand had been considered a contender for the ranks of Asia's economic 'tigers' - Hong Kong, Singapore, Taiwan and South Korea - and seemed committed to freeing government controls on trade and finance sectors.

Thatland's economy has grown at an annual rate of 10 per cent over the past five years and analysts have forecast the Gross National Product to expand by around eight per cent annually in coming years.

Thailand expects much of the finance for costly infrastructure projects to come from abroad. Analysts say that over-dependence on foreign capital makes the That economy vulnerable in times of political turmofl.

OECD pledges help to fight against rising unemployment

PARIS, May 20 : Western industrial nations and Japan agreed here Monday to stay the course on economic policy despite the weakness of the upcoming economic recovery and said an urgent successful outcome to trade negotiations was "essential" for sustainable growth, reports AFP.

Ministers of the 24-nation Organisation for Economic Cooperation and Development (OECD) in a final communique broadly echoed the prescriptions for fiscal deficit-cutting and monetary caution endorsed by the Group of Seven (G-7) countries in Washington,

Winding up their two-day annual meeting here, the OECD countries also pledged their resolve to pursue reform of economic structures "with renewed vigour" in order to promote growth and help fighting high and rising unemplayment.

Although fighting inflation has often taken precedence over concern about the jobless

Armed forces of the CIS.

MILAN, May 20 : Paralysed

by a political crisis. Italy may

already have lost the chance of

decisive progress this year in

tackling its chronic budget

problem, analysts say, reports

The Italian government

pledged 1992 would mark the

start of a drive to put its public

accounts in order in time for

the European Community's

(EC) plans to unite its

economies in monetary union

the year, the public sector

deficit, far from narrowing, it

set to top last year's record

But nearly five months into

before the end of the decade.

Reuter.

at OECD meetings, they said this was "a top priority."

Norwegian Finance Minister Sigbjorn Johnsen, who chaired the talks, said the OECD Secretariat was asked to probe the reasons why traditional remedies for large-scale unemployment had failed to work over the past decade.

On trade, the ministers agreed without difficulty that "an early conclusion" to the six-year old Uruguay Round bargaining in Geneva on world trade liberalisation was "needed urgently." The stalled negotiations

need to be reinvigorated, they said, adding that any "further delay risks losing the momentum necessary for the conclusion of the round."

The ministers also asked the OECD to look beyond the Uruguay Round by working on improvement on the multilateral framework in such areas as competition policy and in-

On the economic outlook, the ministers agreed that with

Russian Army General Pavel Grachev (R) who has been appointed Defence Minister by

Russian President Boris Yeltsin, May 19. In a decree, Yeltsin chose to appoint Grachev

Defence Minister over Marshal Yevgeni Shopshnikov, the Commander-in-Chief of the

Political crisis worsens

Italy's debt problem

tions, and politicians appar-

ently at a loss about forming a

new one, economists see little

hope of any quick and signifi-

This will be a very impor-

tant year that will be to a large

extent be lost," said Banca

commerciale Italiana Econo-

Carli goes to Brussels tomor-

row for a monthly meeting of

EC Finance Ministers facing

the embarrassing task of ex-

plaining to his European col-

leagues what has gone wrong.

Maastricht summit which set a

timetable for monetary union,

Following last December's

next month.

Treasury Minister Guido

mist Rony Hamaui.

With just a caretaker gov- Italy voluntarily submitted to

ernment in Rome after last regular EC monitoring of its

month's inconclusive elec- ' economy to show it was seri-

cant action on the economy.

reduced inflationary pressures and lower short-term interest rates, at least outside Continental Europe, the scene was set for a "gradual recovery this year, with a further strengthening of OECD growth

· Ministerial aides said the United States and some European countries, which earlier pressed Japan to further stimulate domestic growth and pushed for lower short-term rates in Germany, adopted a less confrontational

There was no real bashing of any particular country," one official said.

But Japanese officials said there had been "lively" discusston on the wording of the text in a drafting group, and a US official suggested the issue might resurface at the Munich summit of the G-7 countries. to be hosted by German Chancellor Helmut Kohl in carly July.

- AFP/UNB photo

ous about correcting its finan-

market was benefitting from

optimism around Europe that

interest rates were going to

Italian bond market and those

elsewhere in Europe are be-

coming increasingly close,

But these links were forced

by investor confidence that EC

cconomies were really moving

into step on inflation and the

public sector deficit - the

community's two key measures

convinced Italy is not going to

make it, then the crisis could

"If the market becomes

of economic convergence,

start," warned on analysts.

Traders said the Italian

"The links between the

cial problems.

said one analyst.

Reptiles in Video Box!

ARWIN (Australia), May 20: Two Germans were fined Australian dollar 7,200 each (US dollar 5,460) Wednesday for attempting to smuggle 19 snakes and lizards out of Australia by mailing them in video boxes, reports Reuter.

Northern Territory Supremo Court Judge Brian Martin said the men packed a variety of reptiles, including a Goanna lizard and a small Python, in video boxes and tried to mail them to Germany. The packages were intercepted by cus toms officials.

Alf Woitzik, 35, of Bochum near Dusseldorf, and Karl Erdfelder, 50 of Handover, pleaded guilty to attempting to export protected wildlife The maximum penalties for the offence are a fine of a 100,000 Australian dollar (US 75,800) or 10 years in

Oman to

expand

industrial

base

ABU DHABI, May 20

Taking its cue from Japan,

Oman is trying to expand its

industrial base and reduce is

reliance on oil exports, reports

trial country, though it started

industrialisation after World

War II and has no raw materi-

als," said Omani Trade and

Industry Minister Makbul

have a lot of raw materials but

we are training our people as

Japan has done. Our industries

arc still based on small units,

the United Arab Emirates

newspaper Al-Ittihad, was

seminar to assess the Japanese

theory of industrial develop-

The paper cited a Japanese

approach to factory organisa-

tion that calls for removing

unnecessary items from plant

floors, conscientious arranging

and cleaning of equipment and

official as saying the guidelines

were aimed at improving per-

formance, cutting costs, rc-

ducing breakdowns and en-

Omani officials said the the-

ory had been applied in several

plants in the country and - in

some units - had increased

production capacity by nearly

several problems in perfor-

mance and equipment before

we decided to introduce the

Japanese theory," said Taki Ibn

Hussein, Director of the Omani

Cables Company, adding that

output rose by as a result by 40

per cent in 1991 over 1990.

"Our company had suffered

suring safety.

40 per cent.

Al-Ittihad quoted an Omani

staff training and discipline.

but that's how Japan began."

"We in Oman also do not

"Japan is now a giant indus-

Martin said although the reptiles were not threatened species it was important for Australia to protect its wildlife.

OPEC divided over oil production VIENNA, May 20: OPEC oil found OPEC producing in

ministers are headed toward a policy showdown as Saudi Arabian plans to boost oil output in the face of rising demand bumped into resistance from other producers more intent on prodding prices higher, reports Reuter.

The divided camps meet face to face on Wednesday when Organisation of Petroleum Exporting Countries members gather to review the market outlook for the rest of

Hard bargaining over just how much crude to pump in the coming months starts on Thursday when OPEC's semiannual conference officially gets under way.

Gulf industry sources say Saudi Arabia wants the group to raise third-quarter output by around one million barrels per day (BPD) to at least 24 million to help meet rising demand.

Their output ceiling now stands at just under 23 miltion, slightly below the 23.3 million BPD a Reuter survey April. Powerhouse Saudi Arabia produced more than a third of Industry sources say the

Kingdom, pointing to forecasts that demand will grow to 12year highs by the end of the year, seems willing to give markets some extra oil early on so that supplies are ready when demand rises in the northern winter.

A Saudi-led majority of OPEC members sees demand for its oil advancing to 23.7 million BPD in the third quarter and a robust 25.1 million in the fourth. Other producers, led by

Iran, have baulked at opening the taps wider when prices for its oil are still languishing some 2.50 dollar below OPEC's 21 dollar a barrel target.

Prices dropped sharply on Tuesday as traders digested the likelihood that another million barrels of OPEC oil could soon consc spilling onto the market.

Dollar finishes mixed against German unit

NEW YORK, May 20: The dollar ended mixed after recovering from a mild selloff against the mark, reports Reuter.

The early weakness came on news of a steep fall in US housing starts for April. With the Fed Open Market Committee (FOMC) meeting in closed session, traders anticipated a Fed easing around midday but no action was

Although some players who were short dollar took profits "the overall feeling is bearish for the dollar still," said Sheldon Matlow of Standard Chartered Bank.

The dollar closed at 1.5903/10 mark and 129.10/5 yen, compared to 1.5920/25 and 129.00/10 at the opening. The dollar touched a low of

Sultan, quoted Tuesday by 1.5865 mark shortly after the news that housing starts plunged 17 per cent in April, speaking Sunday in Muscat at a compared to forecasts of a decline of about one per cent.

Matlow said a US rate cut is already priced in the market and the dollar has potential to seen Wednesday. John Beerling of Norwest

Bank, Minneapolis, said the market is "waiting for some signal from the Fed as to whether they're going to ease again or not." He added that a decrease of one quarter point in the Fed funds target rate of 3-3/4 per cent is already reflected in the market.

A trader said after the dollar sank below 1.5890 mark in the initial reaction to the drop in housing starts, "the dollar seemed to be bid each step Another trader argued that

"the dollar looks like a good buy, but I don't think it's worth the risk." He said if the Fed does not do anything by Thursday the market will try to push the dollar one way or the other. For now, he said. the dollar bears are more vocal and the bulls have been keeping a low profile.

He said it was a "frustrating market" with the dollar in a tight 30 point range against the mark most of the day.

bounce further from the lows

late the economy for the time being, reports AFP. "We have done quite a lot," Chino told a news conference. "We cannot take additional

industrial countries called on Japan to do more to boost domestic demand to help accelcrate the modest recovery in the global economy, noted that Japan faced a "rather grim" fiscal situation.

> "We cannot accept any notion that Japan is a country whose fiscal situation is strong," he said.

United States Commerce Secretary Barbara Franklin said Monday that countries with a "stronger fiscal position" than the United States should use the available margin for

fiscal action to boost growth'. Speaking at the opening session of the annual ministeof the rial meeting Organisation for Economic Cooperation and Development (OECD) in Paris, she called for more vigorous action to "spur worldwide economic expan-

Although she did not specifically mention Japan the only country with some margin for action, in the view of OECD economists - Japan's International Trade and Industry Minister Kozo Watanabe put the record straight.

There is a limit to what a single country can do," he told the OECD meeting, calling instead for "coordinated efforts" by all nations.

Chino's remarks on the government's reluctance to take additional fiscal measures for the time being were supported by Chief Cabinet Secretary Koichi Kato at a separate news conference earlier Tuesday.

Business briefs

EIB allowed to loan out of EC: European Community Finance Ministers gave the European Investment Bank (EIB) the go-ahead on Tuesday to provide up to 250 million European currency units (322 million dollar) a year in

loans to countries outside the EC, reports Reuter from Brussels. EC officials said the EIB could now lend to any country which had a cooperation pact with the community, including many African, Asian, Caribbean and Latin American Nations.

Former East bloc to join Gulf fair: Russia and several other former communist states, along with China, will join leading industrial countries in a Gulf

exhibition that is expected to attract more than 20,000 businessmen, organisers said, reports AFP from Abu Dhabi. Ukraine parliament okays budget: Ukraine's parliament approved the republic's 1992 budget on Tuesday, ending six months of wrangling over how to finance

moves towards a market economy, reports Reuter from Kiev. Deputies overwhelmingly approved the budget but senior officials acknowledged it was only a stopgap and left key issues of economic management unresolved.

water resources.

World's climatic swings may turn one billion people hungry were among countries identified as being par-

LONDON, May 20: Swings in the world's climate because of global warning could take the total of hungry people to one billion by the year 2060, an international study showed, reports Reuter.

The three-year study said only reduction in population growth, full trade liberalisation and major farming changes could mitigate the effects of global warming on world food supply. "We don't believe this is a cause for panic as much as for serious concern. There is room for substantial adaptation," British academic Martin Parry told a news conference. "The most effective method of avoiding this outcome

growth in developing countries. The study, commissioned by the US Environmental Protection Agency and involv-

would be accelerated reduction in population

ing 50 scientists in 18 countries, will be presented at the United Nations Earth Summit

It did not take into account the effect of increased restrictions on emissions of Greenhouse gases currently being debated by industrial nations. But Parry said he did not think projected

emission cutbacks would substantially alter the findings of the study, whose main aim was to look at the effects of rainfall, warmer temperatures and rising sea levels on world food production and prices.

"I cannot understand why . . . there is so much emphasis on seeking international agreement on emissions - the front end of the Greenhouse problem - without at the same time thinking in terms of adaptive measures we can put in place with technology now,"

The report projected future yields of wheat. rice, maize and soybeans, which currently account for more than 85 per cent of world trade in cereals and legumes.

The key finding was a cut of between one and seven per cent in world cereal production by 2060, with the largest decrease in developing countries. Reduced supplies, which would lead to

higher prices, are estimated to increase those at risk of hunger by between 60 and 360 million taking the total to one billion worldwide. 'Although a forecast rise of an average one to five degrees centigrade would favour agricul-

ture in northern Europe and the countries of the former Soviet Union, much of Asia and Africa would be subject to severe drought. Zimbabwe, Kenya, Scnegal, Chile and Egypt

those going hungry by 40 per cent, the report Changes in farming practice such as growing

Full trade liberalisation in agriculture by 2020 would improve cereal production and the number of hungry would be reduced by about

ticularly vulnerable because of their scarce

currently estimated to reach up to 10 billion

over the next 70 years, plus an increase in per

capita income could reduce the number of

Reducing the growth in world population,

different crops, altering planting dates and improving irrigation schemes could reduce the per cent in developing countries.

downturn in cereal production to about five 100 million, the report said.

ence in the neighbouring central Asian republies. It was agreed that the Indian External Affairs Minister would visit Tehran next month for consultations prior to the NAM summit to be held in Indonesia in September. Velayati, who held wideranging discussions with the Minister of State for External

Affairs Eduardo Falciro, said a multi-disciplinary team from India would also visit his country to discuss particular projects which could be taken up by Indian companies.

He left for home at the conclusion of his two-day visit

China's surging economy shows signs of over heating

BEIJING, May 20: Senior

leader Deng Xiaoping's call for faster economic reform resulted in a surge in growth in April, but rekindled signs of overheating, according to a report Tuesday, reports AFP. The state Statistics Bureau reported a "hefty increase in

structure of investment and price hikes in urban areas, all of which merit serious concern," the China Daily newspaper said The April cost of living index in China's 35 major cities jumped 14 per cent over the

loans in circulation, irrational

same month last year and was up 1.3 per cent from March, Bureau figures cited by the newspaper showed. An accompanying surge in personal bank savings would also intensify inflationary pressure. Savings increased to one

trillion yuan (182 billion dollar) by the end of April, up about 100 billion yuan from January Industrial growth rose by 18.3 per cent in April "but the overali situation in productivity

still remained low," the China

Daily said The only good news was increased revenues for stateowned factories, more than one third of which are losing money. A 19.3 per cent rise in sales revenues was reported in the first four months, although

April figures were not given.

Japan reluctant to stimulate economy on temporary basis TOKYO, May 20: Japan's

Vice Finance Minister for

International Affairs Tadao

ment was not considering fur-

ther fiscal measures to stimu-

measures without watching the

Chino, speaking a day after

effect of recent measures".

Chino said here the govern-