Briefs

Iran won't sell oil to Y'slavia : Iran will not sell oil to Yugoslavia as long as it believes Belgrade is mistreating Muslims in the breakaway republic of Bosnia Herzegovina, the official news agency IRNA said Sunday, reports Reuter from Nicosia.

The agency quoted an informed oil ministry source as saying no Iranian crude had in fact gone to Yugoslavia for the past year. "He made it clear that as long as Yugoslavia continues mistreating the Muslim people of Bosnia-Herzegovina it would be impossible for Iran to sell oil to that country," it added.

UN bodies may shift offices : Three United Nations agencies with 2,300 employees are studying an offer from Germany to leave New York and move to Bonn, according to a published report on Sunday, says Reuter from New York.

Crain's New York Business, a weekly newspaper, said departure of the three agencies — the UN Development Programme (UNDP), the UN Population Fund and the UN Development Fund for Women — would cost New York city's economy an estimated 200 million dollar in revenues.

Pak money market rates may tighten : Pakistani money market rates are likely to tighten following submission of bids to the State Bank of Pakistan for six-month T-bills Sunday, reports Reuter from Karachi.

Nabeel Waheed, a dealer at the Bank of America's Karachi branch said the bids, which would be settled on Wednesday, would tighten the money rates. The short term rupee rates (up to Wednesday) were quoted between 1-1/2 and two per cent. Long term funds (four months) were being quoted around 13 per cent by a borrower, Waheed said.

Japanese firms may lower credit limit : Alarmed at the growing number of individuals who file for bankruptcy, Japanese credit card firms are expected to reduce the ceiling on loans to clients, the Japan Consumer Credit Industry Association said on Monday, reports Reuter from Tokyo.

A spokesman for Orient Corp, a leading consumer credit company, said it would lower the overall credit limit to card holders to 300,000 yen (2,300 US dollar) from 500,000 yen (3,875 US dollar), effective on June 1.

Other major card companies are expected to follow suit after a decision by the association in March to advise its members to lower the credit ceiling.

Toray plans plant in USA: Japanese textile giant Toray Inc said Monday it would invest 4.5 billion yen (35 million dollar) on a new subsidiary in the United States to supply aircraft manufacturer Boeing Co, with carbon fibre sheets, reports AFP from Tokyo.

The wholly-owned unit, Toray Composites America Inc is to be located in Frederickson near Racoma and will be capitalised at 3.6 billion yen (28 million dollar), the company said.

German budget gap still low : Bundesbank Vice-President Hans Tietmeyer said Germany's public sector budget deficit was still relatively low when compared to those of other industrial nations, reports Reuter from Munich, Germany.

"In 1992 public finance, which was in balance in 1989, is projected to show a deficit of some three per cent of GDP (Gross Domestic Product). This is still low relative to other industrial countries," Tietmeyer told a conference here.

Tokyo shares soar: Share prices on the Tokyo Stock Exchange soared on speculative buying Monday, while the U.S dollar slipped against Japanese yen. The 225-issue Nikkei Stock Average rose 334.00 points, or 1.83 per cent, closing at 18,555.00. On Friday, the average had fallen 470.29 points, or 2.52 per cent, reports AP from Tokyo.

The Tokyo Stock Price Index of all issues listed on the first section gained 12.00 points, or 0.87 per cent, to 1,383.70. It had shed 19.62 points, or 1.41 per cent, on Friday. Trading was thin, with first section volume estimated at 180 million shares, down from Friday's 250 million. Advancing issues outnumber losers, 566 to 389, with 178 issues unchanged.

Abu Dhabi daily fears OPEC collapse

ABU DAHBI, May 25: A United Arab Emirates (UAE) newspaper Saturday lunched an unprecedented attack on OPEC, saying differences among its members over production and prices could lead to its collapse, reports AFP.

The Arabic-language daily Al-Khaleej was commenting on Friday's ministerial meeting in Vienna of the 13-nation Organisation of Petroleum Exporting Countries.

OPEC Oil Ministers agreed to maintain an output ceiling of 22.98 million barrels per day for the second quarter after two days of haggling. The cartel's two biggest members, Saudi Arabia and Iran, made reservation on the accord.

"What is happening during OPEC meetings is not new but if it continues, it could undermine its existence," the Sharjah-based daily said.

It said OPEC, which includes five Gulf states, had not yet gained experience in the market despite its 30-year life and failed to join other international groups in relying on experts.

"Experts can meet a week ahead and prepare a report about supply and demand and other prospects for the ministers," it said.

The daily said OPEC Oil Ministers too often ignored recommendations "and enter into political arguments and maneuvers, which have nothing to do with the technical and economic aspects and the interest of the majority."

Meanwhile a report from Vienna says: The Organisation of Petroleum Exporting Countries (OPEC) will see "some improvement" in crude oil prices as a result of its agreement on production levels for the third quarter, Kuwait's Oil Minister Hamud al-Rqobah predicted here Sunday.

"I would not be surprised if we reach 20 dollar (a barrel) in the fourth quarter," he told reporters, referring to the average price of a "basket" of six key OPEC crudes.

The basket was worth 18.58 dollar at the beginning of the week, still about 2.40 dollar lower than OPEC's agreed target of 21 dollar a barrel, OPEC Secretary General Subroto told a news conference at the end of an OPEC ministerial conference late Friday.

Commenting on the outcome of OPEC's tow-day talks, Al-Rqobah said the agreed "roll-over" for another three months of last February's OPEC accord setting a production ceiling for the second quarter "will really improve the price" since demand will be rising.

He said OPEC ministers "will not have many problems" at their next meeting, scheduled for mid-September, because demand would "definitely" be higher in the fourth quarter.

"I don't expect Iraq to re enter the market" by then, he added.

A resumption of Iraqi exports would compel OPEC countries to take difficult steps to make room for additional supply, and it would be "in the interest of the whole of OPEC" to call a special ministerial meeting in such an event, he said.

But "don't expect Kuwait to lower its production" to make room for Iraqi crude, Al-Rqobah said.

Iraq has rehabilitated part of its oil industry and is producing some 505,000 barrels a day but exports are blocked by a United Nation's embargo imposed when Saddam Hussein's armies invaded Kuwait in August 1990.

The Iraqi government has so far rejected the terms set by the UN for a limited temporary resumption of Iraqi oil exports offered Baghdad for humanitarian reasons to help finance urgently needed imports.

The timing of Iraq's return to the market is "really in the hands of the Iraqis", Rqobah said.

It would depend on whether the country's leaders were "concerned about their people, about food and medicines."

Noting that Friday's agreement allowed Kuwait to produce at its full capacity, the Kuwaiti minister said the Emirate was currently producing one Million Barrels a Day (MBD) was planning an average of 1.2 MBD in the third quarter and should reach 1.5 MBD by year-end, with capacity to be raised beyond that level by mid-1993.

Rqobah said he was "very happy" with the stand adopted by Saudi Arabia and Iran during the OPEC talks.

The Saudis initially "suggested that we should have a higher ceiling while Iran was in favour of a lower ceiling," he said. But both sides in the end agreed to the extension of last February's OPEC agreement.

ROK moves to bridge trade gap with Gulf

ABU DHABI, May 25: South Korea has launched a drive to bridge a wide gap in its trade with the Gulf, where hectic competition among major industrial states erupted after last year's war, reports AFP.

Seoul is now organising trade missions to the Gulf and other Middle East countries to promote exports, and the first of such delegations has reported deals worth millions of dollar.

"Our country is seeking to increase exports to this region because it is suffering from a sharp trade deficit with the region," said Seok Hyun Park, director of the South Korea Trade Centre in the United Arab Emirates (UAE) city of Dubai.

"This mission is a modest attempt within an ambitious government plan to boost trade," he said in a telephone interview.

The mission, representing 13 companies producing auto spare parts, watches jewelry, garments, textiles and other items, has visited Egypt, Saudi Arabia and was due to fly from Dubai to Iraq.

Park said it had struck deals worth 50,000 dollar in Egypt, one million dollar in Saudi Arabia, and about two million dollar in the UAE. He expected the delegation to conclude larger deals in Tehran.

The mission was organised by the government-run Trade Promotion Corporation and another delegation would visit the region in June, he said.

"Their main mission is to meet with businessmen in the region and show them samples of their products, which are competitive in both quality and prices. We know the competition here, but we are optimistic," he said.

South Korea's trade with Iran and the six Gulf Cooperation Council (GCC) states stood at 9.5 billion dollar in 1991, with its trade deficit amounting to nearly 4.3 billion dollar, according to the trade centre's figures.

The biggest deficit was registered with Saudi Arabia, standing at 2.3 billion dollar. It accounted for 1.1 billion dollar with Oman, 497 million dollar with the UAE and 466 million dollar with Iran.

Park attributed the deficit to the large oil import bill, which accounts for more than 90 per cent of South Korea's total imports from Iran and GCC states — Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the UAE.

He said Seoul enjoyed a trade surplus only with Kuwait in 1991 because the emirate's economy was damaged during the Iraqi invasion in 1990 and the ensuing war. Exports to Kuwait stood at 393 million dollar and imports at only 39 million dollar.

South Korea's main exports to the Gulf also include vehicles, electric and electronic systems, machinery and building equipment.

The report showed South Korea as the fourth largest trade partner of the GCC after the European Community, Japan and the United States.

India's Eighth Plan okayed

NEW DELHI, May 25: India's Eighth Five-year Plan won final approval here Saturday aiming for a modest 5.6 per cent growth rate in the difficult transition towards a free market economy, reports AFP.

The National Development Council, the country's highest policy-making body, approved the plan at the end of a two-day meeting chaired by Prime Minister PV Narasimha Rao, and attended by the Chief Ministers of India's 25 states.

An official spokesman said the plan, which aims for a Gross Domestic Product growth rate of 5.6 per cent and envisages a total outlay of 7.9 trillion rupee (266 billion US dollar) during 1992-7, was endorsed by all delegates.

He said the plan's thrust would be on reducing unemployment and eliminations poverty in this nation of 860 million people, which averages an annual per capita income of less than 150 dollar.

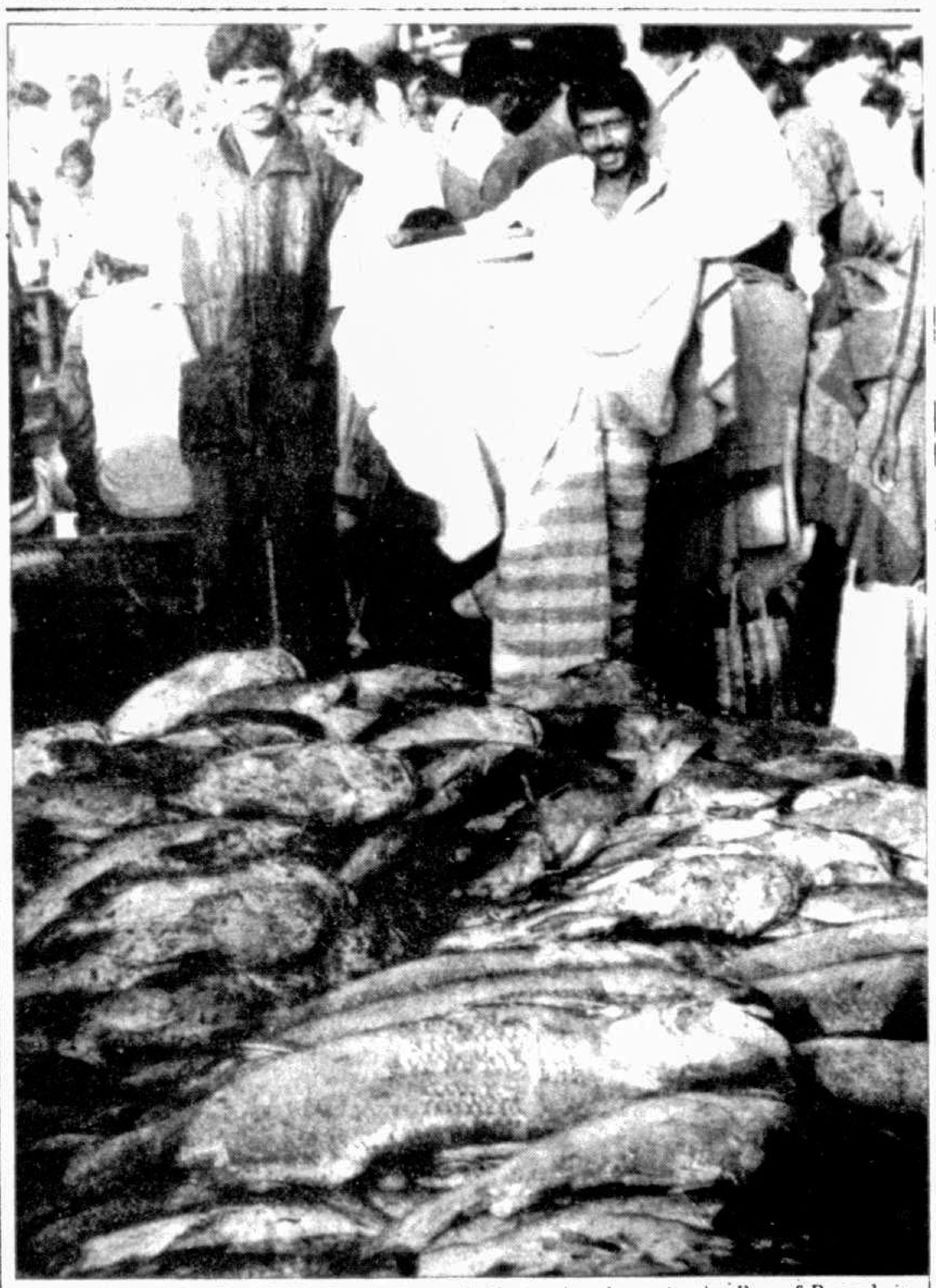
The plan envisages an outlay of 4.34 trillion rupee (144.7 billion dollar) for the gigantic but notoriously inefficient public sector, which Rao pledged Friday to reform, with the remainder, going to welfare programmes and the states.

It hopes for an export growth rate of 13.6 per cent in volume and a domestic savings rate of 21.6 per cent.

It is necessary for us to put our heads together to ready the administrative machinery at all levels to implement the plan programmes within the stipulated time, Rao told delegates.

Finance Minister Manmohan Singh, the architect of free-market reforms which have reversed decades of semi socialist policies in Indian warned that governments in New Delhi and the states needed to tightened their belts and be substantial savers."

Money for the plan would have to come out of internal resources and not borrowings.



HIGH-PROTEIN SEA FISH: This fish, available in abundance in the Bay of Bengal, is mainly exported to Middle East, Europe and western countries. Due to lack of preservation and other requisite facilities a lot of the catches is wasted. This problem demands attention from appropriate authorities. — Star photo

Argentina sees 60 pc rise in GDP by 2000

BUENOS AIRES, May 25: Argentina's Gross Domestic Product (GDP) will grow by at least 4.5 per cent a year until the end of the century, totalling over 60 per cent by the year 2000, according to Planning Secretary Juan Jose Llach, reports Reuter.

In an article written for the mass-circulation Daily Clarin and published on Sunday, Llach said that sustained growth would be achieved by pressing ahead with free market reforms.

With these rules, as we proved in 1991 and so far in 1992, Argentina's economy will grow significantly at an average rate not below 4.5 per cent a year until the year 2000, which implies that GDP will have risen about 60 per cent by then.

Argentina's GDP was of about dollar 130 billion in 1991. Under its current economic programme, which has succeeded in bringing down a pervasive high inflation over the past year, its financial markets have boomed.

Llach added that working class families will see their income increase by around 10 per cent a year during the rest of the decade as employment rises and the state collects more tax revenue and spends it more efficiently on social programmes.

Regarding businesses, he argued that Argentina's entry into a free trade zone with Brazil, Paraguay and Uruguay will allow them to overcome the domestic market's limits.

"Mercosur (the free trade agreement) is a key strategic element because it will put an end to what we could call Argentina's decades-old navel-gazing business philosophy," he wrote.

"It marks the end of the constraints imposed by the (domestic) market's size on the growth of the farming, mining and manufacturing industries," he added.

Through privatisation Argentina will also stimulate growth and efficiency in utilities as well as in the production of oil and natural gas, which had been largely left up to a scrawny state sector in the past, Llach argued.

Argentine businessmen often complain about the peronist government's exchange policy, which shored up the peso currency by making it freely convertible with the US dollar at a one-to-one parity, saying that it has led to an overvalued peso and blunted Argentine exports competitiveness.

Llach acknowledged that the peso's exchange rate will remain lower than the last decade's average.

Russia plans a cub to match 'Asian Tigers'

KHABAROVSK (Russia), May 25: Russia's Far Eastern industrial heartland is hoping to rear a cub to challenge Asia's 'Economic tigers', gain control of the region's rich supplies of oil and gas, and move into world markets, reports Reuter.

Khabarovsk is more reminiscent of a village with tumble down wooden houses than the administrative and communications centre of potentially one of the riches regions in Russia.

"We are not aiming for complete economic autonomy from the rest of Russia", said Yevgeny Panasenko, 35, Chairman of the Far Eastern Corporation.

We do not intend to become like Hong Kong or Singapore, we will find our own path an eventually develop something similar," Panasenko said.

The corporation was set up as a joint-stock company in 1989 by the six largest Far Eastern commodity exchanges, dealing mainly in the region's natural resources. It functions as a type of chamber of commerce and is based in Khabarovsk.

Last year Russian President Boris Yeltsin gave the region the go-ahead to set up a free economic zone and foreign partners now enjoy tax relief and other benefits.

Forty companies in Khabarovsk alone have foreign links. Over half of these are with Japanese companies, as the region develops its own identity, distances itself from Moscow and moves into Asian markets of the Far East.

Far Eastern entrepreneurs are searching for foreign partners — essential if they are to convert the region's huge military —industrial complex by applying new Western technology.

Panasenko, whose company plans to buy up 40 per cent of the military-industrial complex for redevelopment, said that the region's labour force is better qualified and more skilled than those of Hong Kong and Singapore.

"Our framework will be completely different," he said. Over the last few years government arms orders have become fewer and fewer. Consequently the region, dominated by its defence industry, has suffered mass redundancies.

Khabarovsk Governor Viktor Ishayev, a former plant manager, said that in turn for investment foreigners would benefit from the natural resources. The region is rich in gold, platinum, tin, timber, fish, fur and minerals. "We have the whole table of elements represented here," he said.

"And we have no ethnic conflicts as in other parts of the country. Here the situation is stabled."

Sino-US trade talks mark progress

BEIJING, May 24: China believes the latest round of trade talks with the United States were productive and helpful, the New China News Agency said, adding both sides had started to discuss a draft memorandum on opening Beijing's markets, reports Reuter.

"Both sides, through detailed discussions of existing differences, have made another step forward to the signing of an understanding on the issue," it quoted Tong Zhiguang, Vice Minister of Foreign Economic Relations and Trade, as saying on Saturday.

The US negotiator, Assistant US Trade Representative Joseph Massey, said after the two days of talks ended on Friday that good progress had been made.

"This round, in many respects, was among the most productive," Massey told a news conference.

The US has set a deadline of October 10 for China to open its markets or face punitive sanctions that could cost China billions of dollars.

According to US figures, China rang up a dollar 2.7 billion trade.

Pak foreign reserves soar to $ 657.3 m

KARACHI, May 25: Pakistan's foreign reserves rose sharply in the week ended on May 14 to 657.3 million dollar compared with 562.3 million dollar a week ago; the State (central) Bank of Pakistan, said reports Reuter.

On month-to-month basis, the reserves were calculated at 601.8 million in April, compared with 541.5 million in March and 246 million dollar in the year-ago month.

A local banker said the reserves rose because of deposits in the foreign currency accounts.

Sudan's deficit budget placed for approval

KHARTOUM, May 25: Sudan's Finance and Economic Planning Minister has asked the parliament to approve his 1992-93 budget which projects expenditure of 1.6 billion dollar and a deficit of more than 50 per cent, reports Reuter.

Abdel-Rahim told the 300-member parliament of Saturday hard currency revenues had been hit by a sharp fall in the price of cotton, the country's main export earner, and other export crops.

Total expenditure will be 156 billion pound (1.6 billion US dollar) compared to 113.4 billion pound (1.2 billion US dollar) in the previous budget.

Revenue is expected to reach 73.7 billion pound (776 million US dollar) leaving a deficit of about 82 billion pound (863 million US dollar).

Hamdi said Sudan's total export earnings in 1992-93 were projected at dollar 431 million compared to dollar 301 million in the previous fiscal year.

He added the objective of the new budget was to fight inflation and keep the deficit low. Last week Hamdi said the government aimed to bring down the inflation rate to 50 per cent.

The rate was currently standing at 112 per cent, he said.

The minister told the house loans from the African Development Bank and commodity credits from Indonesia, Pakistan and Malaysia would reduce the deficit to 34 billion pound (358 million US dollar).

Currency week in retrospect : Major Asian units gain

HONG KONG, May 25: Most major Asian currencies gained ground against the US dollar this week, while the Thai bhat remained virtually unchanged despite the political and social unrest in Bangkok, reports AFP.

The Japanese yen and the Australian, Hong Kong, Singapore and New Zealand dollars all firmed, as did the Malaysian and Philippine currencies.

The only losers were the South Korean won, Taiwan dollar and Indonesia rupiah.

Thai baht: The Thai foreign exchange market closed Friday at a mid-rate of 25.50 baht to the Greenback, nearly unchanged from last Friday's close of 25.51 baht to the dollar.

The dollar dropped early in the week because of expected cuts in US interest rates, then returned almost to its starting point when Washington said there would be no cuts in the near future.

Assistant Governor of the Bank of Thailand Siri Karnchareondee said the baht was not affected by the domestic political situation this past week because it is pegged to a daily fixed rate using a basket system of hard currencies.

Thailand also has high currency reserve.

Japanese yen: The Japanese yen gained ground to close the week at 129.65 yen to the dollar on the Tokyo foreign exchange market, up 0.95 yen from the preceding week's 130.60 yen finish.

Japanese Finance Minister Tsutmu Hata said Tuesday that he welcomed the recent appreciation of the yen and its further advance as long as it was gradual and orderly.

Australian dollar: The Australian dollar firmed during the week in the absence of any major economic data, finishing at 75.85 US cent from the previous week's 75.65 finish.

On the Reserve (central) Bank's Trade Weighted Index, which measures the dollar against a basket of major trading currencies, the unit finished at 57.0 points from the previous week's 57.1 points.

Indonesian rupiah : The Indonesian rupiah lost ground to the dollar to close Friday at 2,026 rupiah, down from the previous week's close of 2,205 rupiah.

The currency started the week's trading Monday unchanged from Friday's close and gained one rupiah in the next two days before slipping back to 2,025 Thursday and losing one more rupiah Friday.

Malaysian ringgit: The ringgit ended the holiday-shortened week firmer against the US dollar on short covering in quiet and lacklustre trading.

The local currency closed 38 points higher at 2.5217 to the Greenback against last week's 2.5255 after trading within narrow banks over the week.

"Trading was dominated by players short covering their position, and most of them were squaring off ahead of the long weekend in New York, which will be away on Monday for a local holiday," a trader said.

New Zealand dollar: The New Zealand dollar closed the week worth 53.48 US cent, slightly up on the previous week's close of 53.42 cent.

The currency market has shown little life for several weeks and most attention this week focused on the currency's Trade Weighted Index (TWI), which fell to its lowest level this year.

A reminder by the Reserve Bank of the effects of exchange rates on inflation, and its commitment to keeping inflation low, pushed the TWI back up.

However trading on US dollar remained confined to the same narrow band of the last six weeks. Volumes have been light despite booming trade figures.

Philippine peso: The Philippine peso continued to strengthen this week from 26.038 peso to the US dollar on May 15 to 26 peso this Friday.

The World Bank Representative to the Philippines, Thomas Allen, said in an interview that the peso was overvalued and should fall to the level of 28 to 30 peso to the dollar by the end of the year.

Hong Kong dollar: The Hong Kong dollar closed the week at 7.7383-7.7393 to the US dollar, up from the previous week's close of 7.7335-7.7345.

The currency's effective exchange rate closed at 111.7 down from its previous finish of 112.0. The Hong Kong dollar has been pegged to the Greenback at around 7.8 since October 1983.

Singapore dollar : The Singapore dollar strengthened to close at 1.6320 against the US dollar compared with 1.6395 the previous week.

The local unit reached a low of 1.6250 during the week following the Greenback's weakness overseas before setting in a narrow range of 1.6275 to 1.6315.

Dealers said strong support was seen at the 1.6200 level while upward resistance was expected at 1.6350 and 1.6450.

The OCBC Trade Weighted Index for the Singapore dollar stood at 136.43, barely changed from the previous 136.42 points. The index is calculated against the currencies of Singapore's top 12 trading partners.

South Korean won: The won continued to slide against the dollar during the week, trading Saturday at 784.80 won compared with 783.61 a week earlier. On Friday, the won weakend to as much as 786.50 as demand for the dollar suddenly mounted to pay for imports.

Taiwan dollar: The Taiwan dollar declined slightly to close Friday at 24.975 to the US dollar, down 2.15 Taiwan cent from the previous week's finish of 24.975.

After opening Monday at 25, the local unit moved in a tight range between 25.002 and 24.9775 on moderate trading, while economic officials said there was no more room for the Taiwan dollar to go up.