

BRIEFS

WB to lend
CIS \$1.5b

KUALA LUMPUR, May 26: The World Bank will lend US\$1.5 billion dollar to the Commonwealth of Independent States (CIS) this year for industrial development, a senior Bank official said here, reports Reuters.

"This is the first such financial assistance offered by the Bank to the former Soviet republics," Peter Nore, head of the gas and oil group in the management assistance programme of the World Bank's energy sector, said in Malaysia. He said conditions would be attached to the funds but declined to elaborate.

Jobless in OECD
region unchanged

PARIS, May 26: The unemployment rate was unchanged in March at 7.2 per cent in the OECD area, remaining at its highest level since the end of 1987 after a 0.5 per cent rise over the last 12 months, the Organization for Economic Co-operation and Development said Monday, reports AFP.

The Paris-based organization of leading industrial countries said that unemployment was up by 0.5 per cent in March in Canada and Sweden, and 0.1 in Germany and Ireland, with Finland being the only member to record a decline (one of 0.5 per cent).

Iran raises profits
on bank deposits

NICOSIA, May 26: Iran said it had raised the annual profit paid on various types of bank deposits by about one percentage point to a maximum of 14 per cent, reports Reuters.

That rate is still less than half the interest charged at the Tehran Bazaar — between 30 and 50 per cent — and falls short of the official inflation rate of about 20 per cent.

Central Bank Governor Mohammad Hossein Adeli, quoted by Tehran Radio, said banks would pay 14 per cent on five-year deposits in the Iranian year ended on March 20, up from the provisional 13 per cent announced last year.

UK real estate
firm in trouble

LONDON, May 26: The board of Mountleigh Group Plc, one of the biggest property developers in Britain, put the troubled company under the control of receivers on Monday, reports AP.

Sources close to Mountleigh said the accounting firm KPMG Peat Marwick was appointed to manage the group's assets, which are estimated at about 400 million pound. They said this compares with a debt burden of roughly 500 million pound (910 million dollar).

Germany offers free
space for UN bodies

NEW YORK, May 26: Germany is offering two United Nations agencies rent-free office space in Bonn and will pay 188 million dollar for them to move, a German spokesman said, reports AP.

The government has invited the UN Development Programme and the UN Population Fund — which have a combined workforce of 1,300 — to move in 1996, said government spokesman Dieter Vogel.

The German government is moving its main offices from Bonn to Berlin throughout the 1990s as a result of the reunification of East and West Germany.

Kuwaiti Chamber
goes to polls

KUWAIT, May 26: Kuwaiti businessmen began voting in chamber of commerce elections widely seen as a dry run for general elections in October, reports Reuters.

The election is the first of any kind in Kuwait since Western and Arab forces drove Iraqi troops out of the emirate in February last year.

More than 16,000 people, one-fifth of the total Kuwait electorate of 80,000, are eligible to vote for the new chamber of commerce board. Both government and opposition have campaigned vigorously ahead of the vote.

Total-Komineft
drilling accord

MOSCOW, May 26: The French oil group Total and the Russian firm Komineft have agreed on plans for joint exploitation of two oil deposits in northern Russia, Itar-Tass news agency reported on Monday, reports AFP.

Under the accord, Total will invest one billion dollar in technical equipment for exploitation of the deposits at Kharyagin, located in the autonomous region of Nentski near the White Sea.

Rao for S Asian key role in world market

NEW DELHI, May 26: India's Prime Minister Narasimha Rao said on Monday that his impoverished country and its South Asian neighbours were keen to become key players in the new global market, reports Reuters.

"South Asia is opening out to the global market and sooner rather than later will become an integral part of this market," Rao said in a message to a meeting of international economists in New Delhi.

"Here is a region which is home to one-fifth of the human race and despite its current poverty is one of the most dynamic in terms of its economic potential."

The conference, co-sponsored by the Manila-based Asian Development Bank (ADB), began a three-day meeting in New Delhi to discuss the theme "South Asia as a dynamic partner."

India is the largest of the seven-nation South Asia Association of Regional Cooperation (SAARC).

ADB Vice President T. William Thomson told delegates the SAARC countries were ripe for economic change comparable with developments in the Far East and South East Asia.

"During the last two decades or so, Asia has emerged as the most dynamic

region in the world," Thomson said.

"However, in spite of its improved growth performance in the 1980s, South Asia has so far not shared the economic dynamism of the rest of Asia," he said.

The annual growth rate for South Asia in the past 25 years was 4.6 per cent compared with 8.8 per cent for newly industrialising economies such as South Korea and Taiwan.

Thomson said China shared a seven per cent growth rate with Indonesia, Malaysia, the Philippines and Thailand.

"South Asia's relatively slower economic growth, along with faster population growth

has increased income differentials between it and other regions of Asia," he said.

Rao said he hoped this would change.

"Winds of change are evident in each of our countries with thorough-going economic reforms opening up new vistas for accelerated development," he said.

Rao, who completes one year in office next month, has initiated sweeping economic reforms, liberalising industrial licensing, providing new incentives to foreign investors and cutting a deep swathe through India's bureaucratic socialist model economy.

Thomson said India's

booming share market reflected the gains from a liberalised economic policy.

"The rising share prices — along with relaxation in government rules regarding pricing of new issues — have produced a record number of new issues which are expected to raise dollar five to dollar seven billion capital this year alone," Thomson said. "It is clear that in South Asia economic policies are moving away from the old inward-looking, highly regulated and public sector-led approach to economic development and that is beginning to have positive economic impact in the region."

Andriessen, Baker start negotiations today

EC expects GATT talks breakthrough

BRUSSELS, May 26: The European Community is looking for a breakthrough in the stalled world trade negotiations during high-level EC-US talks in Washington later this week, EC officials said Monday, according to AP.

EC Trade Commissioner Frans Andriessen and US Secretary of State James Baker will meet Wednesday for their first talks since the 12-nation trade bloc agreed on reforming its heavily subsidised farm programme last Thursday to make it more competitive.

"Common Agricultural Policy reform could facilitate the discussions," said an EC official who asked not to be identified.

AFP later adds: The European Community, armed with its new accord to cut farm subsidies, is to begin a new round of talks with the United States in Washington aimed at breaking the deadlock in GATT trade negotiations.

Frans Andriessen, will be seeking a "political solution" when he meets James Baker and special US Trade Representative Carla Hills, an

EC official said.

At stake is agreement in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), which aims at bringing agriculture, textiles and services within a GATT accord to lower world trade barriers.

The talks, which have dragged on for over five years, have snagged mainly on a quarrel over EC farm subsidies, which have led to the subsidised export of large quantities of grain, beef and dairy products.

Farm ministers agreed last week to the biggest overhaul in the history of the EC's Common Agricultural Policy (CAP).

The reforms centred on a 29 per cent cut in subsidised grain prices, and large compensation cash payments for farmers on condition that they take 15 per cent of their land out of production.

But the announced reforms fall short of US demands, mainly because there is no guarantee that they would lead to the 24 per cent drop in volumes of subsidised grain exports demanded by the United

States.

Washington is also unhappy with the compensation payments on the grounds that they would lead indirectly to over-production — something which the reforms are supposed to prevent.

However, a spokesman for the EC's Executive European Commission said here Monday: "We are hoping for substantial progress in Washington. We must make an effort."

EC Farm Commissioner Ray MacSharry hinted after the CAP accord last week that it constituted a "take-it-or-leave-it" offer. He said "we can say with our chests out and our heads held high and with pride, that you (the United States) match what we have done and then we can get progress."

Hills said she hoped the EC would now be more flexible in the GATT negotiations, but cautioned: "It remains to be seen how (the accord) translates into the EC position on agriculture in the (Uruguay Round)."

Meanwhile, Reuter from Vancouver adds: Failure of the

Uruguay Round of GATT trade talks could lead to prolonged instability in the world economy, Canadian International Trade Minister Michael Wilson said on Monday.

An 18-month delay in concluding the talks which have been held under the auspices of the GATT has already weakened global business confidence and exacerbated trade frictions, he said.

"What we are witnessing is a dangerous escalation in the politicisation of trade disputes, making global trade relations more difficult to manage," Wilson told the annual meeting of the Pacific Basin Economic Council.

Meanwhile, in St. Gallen, Switzerland, GATT Director-General Arthur Dunkel said the latest deadline to conclude the talks by the end of 1992 might not be met.

"We are already dangerously closed to missing the target of concluding the round by the end of this year, not to speak of the implementation date of January 1, 1993," Dunkel told the annual meeting of the International Management Symposium.

Oil prices in
Asia stable
to firm

SINGAPORE, May 26: Oil prices in Asia were stable to firm on OPEC's agreement to roll over most members' output into the third quarter but traders said crude prices should stabilise, at least in the near future, reports Reuters.

Traders questioned how much more crude prices could rise, citing uncertainty about world oil demand, Saudi Arabia's and the resumption of Iraqi sales.

In Asian trade thinned by holidays Tuesday in London and the United States, July light crude for delivery on the New York Mercantile Exchange (NYMEX) was bid a few cents above Friday's NYMEX close. But sellers were hesitant to take fresh positions.

July crude oil futures on NYMEX surged 50 cents a barrel last Thursday, and rose another four cents on Friday on optimism that Saudi Arabia would keep its pumps running steadily at around eight million Barrels Per Day (BPD) if other members except Kuwait froze output at current levels as well.

Oil product prices also held a firm undertone, with sellers raising their prices, encouraged by crude strength.

Naphtha traded at US dollar 197.90 a tone and Japan for second half July, against Friday's bids at US dollar 197.

High sulphur fuel oil quotes gained 50 cents to US one dollar in line with futures on the Singapore International Monetary Exchange.

Some traders felt the crude market could rise easily by another 50 cents a barrel. "Third quarter demand is thought to be higher. And Kuwait alone cannot produce 500-600,000 BPD to meet this," a US trader said.

Japan to raise
investment in
S Arabia

TOKYO, May 26: Japan and Saudi Arabia agreed today to reinforce bilateral relations and increase Japanese investment in the Arab nation, a foreign ministry official said, reports AFP.

The agreement was reached in talks between Japanese Prime Minister Kiichi Miyazawa and Saudi Arabian Planning Minister Abdul-Wahab Attar, here for a meeting on economic and technological cooperation yesterday and today.

Miyazawa also invited Saudi Arabian King Fahd for a visit.

Attar reiterated his opposition to a European Community (EC) plan to levy taxes on petroleum in a bid to eliminate the emission of carbon dioxide which is responsible for global warming.

"The tax the EC is trying to levy on energy consumption disrupts oil policies in Saudi Arabia," he said, apparently checking Japanese moves to introduce similar taxes.

Japan again world's
largest creditor

TOKYO, May 26: Japan regained its status as the world's largest creditor nation last year with net foreign assets of 383.1 billion dollar, a Finance Ministry official said Tuesday, reports Reuters.

Japan's net overseas holdings — the balance between assets and debts it holds abroad — hit another record high in 1991, piling up an extra 55 billion dollar in the calendar year from 328.1 billion dollar at the end of 1990, the Ministry said in a report.

Germany's net foreign assets fell to second place with 345.4 billion dollar in 1991, down from 358.0 billion dollar at end-1990, the report said.

The rise in Japan's foreign assets reflected sharp gains in the nation's current account surplus, which doubled in

1991 to 72.60 billion dollar from 35.76 billion dollar in 1990, the statistics show.

"Comparable 1991 figures for other major nations except Germany are not available yet, but it should be fair to say that Japan's net assets were the largest," the Ministry official said at briefing.

The United States had net external debts of 360.6 billion dollar at the end of 1990, while Britain had net foreign assets of 57.1 billion at the same date, he added.

Japan's gross foreign assets totalled a record 2.01 trillion dollar at the end of 1991 from the previous high of 1.86 trillion dollar a year earlier.

Gross foreign debt hit a record 1.82 trillion dollar at the same date against 1.53 trillion dollar at end-1990.

US budget amendment
needs largest-ever cost
cuts, tax increases

WASHINGTON, May 26: A proposed balanced-budget amendment to the US constitution would require the largest spending cuts and tax increases ever, the Washington Post reported, says Reuters.

Citing a study scheduled for release later on Tuesday by the House Budget Committee, the paper said the government would have to reduce spending below current levels by 38 billion dollar the first year, 70 billion dollar the second, 113 billion dollar the third, 173 billion dollar the fourth and 237 billion dollar the fifth.

The goal of the amendment's chief proponents is to achieve a balanced budget in five years.

According to the Committee's estimates, the impact of

the cutbacks on government projects would be enormous.

For instance, the government would be less than half way to the savings needed in the first year alone even if Congress and the White House agreed to scrap the space station, the superconducting super collider and the seafloor submarine projects, shut down veterans hospitals and slash or scrap funding for small business loans, rural housing, mass transit, airports, community development, the arts and maternal health care.

"We've never seen proposed reductions like this," Robert Reischauer, Director of the Congressional Budget Office, was quoted as saying. "It's anybody's guess of how the politics (of spending cuts) would play out."

HK shares hit new height

HONG KONG, May 26: The Hong Kong share market reached new heights Tuesday following last week's cut in prime lending rates, boosting fears of higher inflation and increased property speculation, reports AFP.

"Everybody and their sister" was taking their money out of banks — which cut deposit rates to two per cent, the lowest level in four years — and buying shares, said Garrett Haynes, head of sales at Crosby Securities.

The Hang Seng index burst through the 6,000-point barrier briefly in the morning session, closing the day's trading at a new record high of 5,993.11 for a gain of 133.43 points, or 2.3 per cent.

The cut in prime lending rates, the second in three weeks, by one percentage point to seven per cent favoured bank and property stocks the most, brokers said.

Joseph Yam Chi-Kwong, Director of the Office of the Exchange Fund, defended the government's willingness to allow rates to fall as necessary to maintain the stability of the US-Hong Kong dollar exchange rate, which has been pegged at about 7.8 since 1983.

"The government doesn't have that much room to manoeuvre," said Nerissa Lee of Indosuez Asia Investment Services, adding that she was surprised however by the magnitude of the cut — a full percentage instead of the 0.5 per cent expected.

"We are still in a high inflation environment," she noted, warning that the rate cut could spur "a rapid series of rises in the second half" of 1992.

"It's fuelling property prices as well," Lee said.

The cut was aimed at stemming the flow of some 200 million US dollar a day into the territory. Nevertheless, foreign funds flooded into the stock market on Monday.

"Hong Kong's bourse is 'the cheapest and most overbought market in the world,' Haynes said.

The interest rate cut will inevitably fuel inflation, said Bob Broadfoot of the Political and Economic Risk Consultancy, warning of "social problems" because the "low end of society is squeezed" the most.

Inflation had been coming down from a peak of 13.9 per cent for the year to last April, and new monthly inflation figures were to be released.

"Strictly psychological factors could undermine the fundamentals" as they did following Beijing's 1989 crackdown on the Chinese pro-democracy movement, Broadfoot said.

He also recalled the jitters in 1983, ahead of the Sino-British handover agreement, that led to the Hong Kong-US dollar peg in the first place.

On the other hand, Broadfoot said inflation and the currency rate have little effect on Hong Kong's export businesses, whose production base and primary costs are in China.

He said adherence to the peg was unrealistic since the American economy is pulling out of a recession while Hong Kong is the motor of the Pearl River delta, growing at a rate of 10 per cent as a region.

The industries that will be most affected are tourism, restaurants and retailers, he noted.



DHAKA: The third Annual General Meeting of the United Leasing Company Ltd in progress on May 24. Kafiluddin Mahmood, Chairman of the company presided over the meeting. Representatives from the Asian Development Bank (ADB) and Commonwealth Development Corporation (CDC) attended the function.

A dreamer wants the computer world to go Apple way

CUPERTINO, (Calif) May 26: Apple Computer Inc has embarked on a single-minded strategy: growth, says AP.

No longer content to be a niche player — a maker of cuddly personal computers favoured by school children and graphic artists — Apple wants to take on the world of corporate computing. That passion led to a startling alliance last year with former enemy IBM.

Apple also turned its pricing policy upside down to gain market share. Under its low-price plan it sells its entry-level Macintosh PC for under 1,000 dollar for the first time. The move, combined with selling Macintoshes in mass-merchandise stores such as Sears, pumped up sales sharply.

But the vision of John Sculley, Apple's chairman and chief executive, is even broader. Apple, he says, will be a leader in what many experts see as the coming convergence of computers, consumer electronics, communications and media.

Sculley plans to unveil the

first in a line of "personal digital assistants" to help bring that vision about.

Code-named Newton, the videocassette-sized device is like a souped-up address list, appointment book, Nintendo Game Boy and fax machine in one industry sources say. It is controlled by writing on its screen instead of typing on a keyboard, and it allows users to store addresses and appointments and to send and receive memos by fax.

Industry analysts who have been treated to private screenings say they are impressed by the gadget, expected to cost under 1,000 dollar. But it won't be available until early next year, when it starts rolling off assembly lines at Sharp Electronics, Apple's Japanese partner in the venture.

Meanwhile, Apple plans to produce other offerings to expand its market. Among them will be Macintoshes with built-in compact disc players — not to play Bruce Springsteen albums (though they'll probably do that), but to play

"multimedia" software that mixes text, sound and images.

The new products will follow the successful launch last October of three portable Macintoshes called Power Books. Though Apple was late to the laptop market, the models have won critical praise and major sales.

This new momentum is a sharp turnaround for Apple. Sculley said it stems from his realization about two years ago that the personal computer pioneer was in trouble.

"Apple had its back against the wall," Sculley recalled in a recent interview at Apple's Cupertino headquarters. "I had to take a lot of responsibility for why we were there."

Apple co-founders Steve Jobs and Steve Wozniak gave the world its first mass-market personal computer in 1977, the Apple II. In 1984, Apple again made history with the Macintosh, the first truly user-friendly PC.

But a few years later Apple fell into a funk. Its pace of innovation slowed and competition increased as Microsoft

Corp released its Windows software. Windows gives IBM-type PCs an easy-to-use graphical operating system that mimics the Macintosh — for much less money. (Apple sued Microsoft for allegedly copying the Mac, but has apparently lost.)

About the same time, the industry entered a sharp downturn, slowing sales and leading to price cuts.

Sculley, a former president of food industry giant PepsiCo who joined Apple in 1983, said Apple needed a new direction. The first move was to lower prices, allowing Apple to better compete with "clones" of IBM-compatible PCs.

Although that strategy drove Macintosh sales up 60 per cent in Apple's last fiscal year, it hurt its profit margin. The company no longer could afford all its employees and lush buildings.

Sculley took the painful step of laying off 1,500 workers last year, cutting salaries — including his own — and consolidating some facilities.

The move prompted some

Apple employees to form picket lines outside the company, while a 224-million dollar accounting charge against earnings to pay for severance pay and other restructuring costs pushed Apple's profit down even further.

Apple earned a disappointing 310 million dollar in its fiscal 1991, which ended Sept 27, compared with 475 million dollar the year before. But revenue climbed 14 per cent to 6.31 billion dollar.

Sculley said the cost-cutting put Apple ahead of other computer makers, such as International Business Machines Corp and Digital Equipment Corp, that are still going through painful downsizings.

Apple's profit has rebounded in the past two quarters, along with employee morale.

"We have never turned out more products, we have never had more innovation," Sculley said.

Sculley also made another bold move: He named himself Apple's chief technology officer. The step by the former

soft-drink executive, who had scant technical expertise, raised eyebrows throughout the industry.

"What I wanted to do was to dramatically improve the conversion rate of technologies into products," he explained. "It used to be we had plenty of time to develop a product. It could take 20 years. In the 1990s, if you don't get your technology in your products quickly and get your products out, then you lose the advantage of investment."

Apple has cut product-development time to less than a year. Its target is six months.

Most amazing of all the changes is Apple's alliance with IBM, a company it used to make fun of for its sluggish, bureaucratic ways.

Under the pact, announced last July, Apple will use a speedy IBM microprocessor chip in future Macintoshes. The two companies will collaborate on the next generation of software, called object oriented, that promises to make it easier to write new programmes.

IBM and Apple also are developing multimedia software and technologies, and finding ways to more easily connect their products.

"We were the first company to ever get behind the Chinese wall and look inside IBM," Sculley said. What Apple found was impressive technology, he said.

Apple also brought its long-time chip collaborator, Motorola Inc, into the alliance.

Though Apple is giving up some independence, it gained a deep-pocketed partner in IBM that can help Apple commercialize software innovations it had under way, Sculley said.

"We could spend hundreds of millions of dollars on it, then not have anyone adopt it," he said — a risk Apple couldn't afford.

But equally significant is the clout Apple gained when it calls on IBM customers. Many shunned Apple as a lightweight that made novelty products. "Now all of a sudden we were being given and IBM stamp of approval," he said.