

BRIEFS

7,000 cops will guard G-7 meet

MUNICH (Germany), May 30: Some 7,000 police officers will guard delegates to the July economic summit of the Group of Seven leading industrial nations, Munich's police chief Roland Koiler said on Friday, reports Reuter.

In addition, there will be specially-trained units on duty at the conference site and at delegates' hotels, he said.

Koiler told reporters the police presence at the summit for the leaders of the Group of Seven (G-7) nations would cost between one and two million mark (dollar 620,000 and 1.2 million dollar).

KL advised to give credit to tin buyers

KUALA LUMPUR, May 30: Malaysia should start a credit scheme to aid large but poor tin-buying nations to help lift prices, a Malaysian Chamber of Mines official said, reports Reuter.

"Perhaps to aid our ailing tin miners, the government should seriously consider implementing a credit scheme to some countries importing our tin," Ibrahim Menuidin, the outgoing chamber president, said.

He said at the chamber annual meeting, the former Soviet Union, India and some Middle Eastern countries should be entitled to the credit. Malaysia has started a similar scheme for palm oil, but so far there has been only one taker - Algeria.

Unemployment in Jordan serious

AMMAN, May 30: Unemployment is at a "chronic and dangerous" level following a flood of Palestinians expelled from Kuwait, according to a Labour Ministry report, says AP.

The report said that 128,659 people were registered as unemployed, or 18.9 per cent of the labour force in this nation of about three million.

WB warns Ukraine of own currency trouble

KIEV, May 30: The World Bank warned Ukraine on Friday of the dangers of replacing the ruble with a new currency before making deep structural economic reforms, reports AP.

World Bank chief economist Lawrence Summers spoke at a news conference with Ukrainian deputy finance minister Pavlov Shpechenko, who said the Ukrainian hryvnia would be introduced before the end of 1992.

Dominican President denies report

SANTO DOMINGO (Dominican Republic), May 30: President Joaquín Balaguer is denying reports that the United States is pressuring his country to curb its growing trade with Cuba, reports AP.

"The United States government has not at any time asked the Dominican government to intervene in these purely private relations between Cuba's private sector and the Dominican Republic's private sector," he said at a news conference late Thursday.

According to local press reports, the Dominican Republic has replaced Panama as a prime source to Cuba of free-market products including food, computers, textiles and furniture. The trade is estimated at 30 million dollar a month.

Bans to cost Yslavs \$300 million a month

BRUSSELS, May 30: The European Community's trade embargo against Serbia and Montenegro could cost the two countries more than 140 million US dollar a month in lost revenue, according to figures released on Wednesday, reports Reuter.

If the United Nations agrees to a similar move that figure could be more than 300 million US dollar, the figures show.

The EC trade ban agreed on Wednesday will make Germany the biggest loser among Community countries in terms of lost exports, according to the figures.

Power crisis awaits Cory's successor

MANILA, May 30: President Corason Aquino's successor will face a major crisis upon taking office next month: In the land of "people power," millions of people have no power, reports AP.

Since April, the National Power Corp has cut electricity in Manila and other areas of Luzon island for 6-8 hours daily because of a chronic power shortage.

Japan alone can't rescue world economy, warns official

TOKYO, May 30: Japan's top trade official warned against making Japan the sole locomotive of the global economy, but left doors open to the possibility of embracing more economic stimulative measures, reports AP.

"Although the size of Japan and the Japanese economy is not so small, it's not so big as to pull a train alone," said Noboru Hatakeyama, Vice Minister for International Affairs at the International Trade and Industry Ministry.

"We cannot be the locomotive to keep the world economy alone," he told reporters. "We alone cannot do that."

His remarks came amid mounting international pressure for Japan to expand domestic demand to reverse its huge trade surplus and help accelerate a modest recovery in the global economy.

Major industrial countries called on Japan to take measures to spur its economy and keep the world economy on the path of growth in a meeting of the organization for economic cooperation and development earlier this month.

The appeal is expected to be renewed in an upcoming summit of seven industrial countries (G 7) in Munich in July, further cornering Japan

into studying another package of fiscal measures.

Japan in March introduced a package of fiscal pump-priming measures centering on advancing public works spending for the first time in five years, which was immediately followed by a 0.75 per cent cut in the official interest rate.

"We have to be mindful of possibilities to explore ways of strengthening domestic demand through appropriate measures," Hatakeyama said, while stressing that "nothing has been decided."

He said the situation is "fairly serious," noting the quarterly fall of over four per

cent in average production index in the first three months of 1992, the first time since the oil crisis in the mid-1970's.

"In terms of industrial production, I think Japan is in recession," he said, also pointing to the ballooning trade imbalance.

Reuter adds: The MITI Vice-Minister said that in terms of industrial production, Japan's economy is in a recession, but that other areas like unemployment suggest that the economy is not yet in an excessively steep downturn.

He said that recent poor industrial production figures

indicate the country may not be able to hit the government's 3.5 per cent growth forecast for this fiscal year.

Hatakeyama said that Japan should emphasise domestic growth and that exports should be kept in check because of international criticism of Japanese trading practices.

Labour situation

Another Reuter despatch adds: Japan's chronic labour shortage is likely to continue to ease until the economy bottoms out late this year or early next, economists said.

Japan's seasonally adjusted unemployment rate in April, released Friday morning, fell

to 2.0 per cent from 2.1 per cent in March, while the jobs-to-applicants ratio fell to 1.17 from 1.22 in March. Economists say these figures matched the recent downward trend in the labour market.

The data confirmed again this month the trend of easing labour shortages because of the economic slump, said an economist at Nomura Research Institute.

Economists said the 0.1 point decline in April's unemployment rate was technical and suggested no change in the labour market trend since the jobs-to-applicants ratio dropped.

Economists see the jobs-to-applicants ratio as reflecting moves in the economy more clearly and rapidly than the unemployment rate. April's ratio of 1.17 means there were 117 job offers for every 100 applicants.

"Offers of new jobs are declining although applicants for new jobs are increasing, said a Yamaichi Research Institute economist. The jobs-to-applicants ratio is likely to recede further through this year.

The Yamaichi economist said a recovery in the jobs-to-applicants ratio may even occur much later than the time the economy starts to rebound.



STAR SMILE: British Rock star Elton John and US actress Joan Collins are all smiles in London on May 28 after attending the opening of Italian designer Gianni Versace's shop in the city.

Monster and Ganesh can't go together

LONDON, May 30: A leading British toymaker withdrew an elephant-headed figure from a box of monsters after a parent complained that it resembled the Hindu god Ganesh, reports Reuter.

Chitralekha Bolar, a classical Indian dancer from Tamworth in central England, complained to Matchbox after finding the figure in a monster pack she bought for her nine-year-old son.

"I am not a religious fanatic but imagine how I felt when I found a figure of the god whom we worship every day in a box alongside the Loch Ness Monster, the ancient Gorgon and the Ectoplasmic Phantom," she said.

A Matchbox spokesman told reporters the company was "extremely distressed" to hear it had inadvertently caused offence.

Stars to stud alternative summit at Rio

RIO DE JANEIRO, May 30: While world leaders confer at the Earth Summit, just down the road some of Hollywood's finest will rub shoulders with Amazon tribesmen and talk to the Dalai Lama, reports Reuter.

An alternative summit in downtown Rio organised by environmental groups is proving a magnet for the rich and famous.

Organisers for the alternative meeting, known as the Global Forum, say the following celebrities have confirmed they are coming, although there may be other surprises:

Jane Fonda and her media magnate husband Ted Turner will take part. Tina Turner will also be there. The Parliamentary Earth Summit, where legislators, religious leaders, businessmen and others will try to put a human face on the decisions of the official summit, which starts on June 3.

Hollywood stars Liv Ullmann and Shirley Maclaine will join various groups at the alternative summit site.

Singer John Denver and US Senator Al Gore will take part in the parliamentary Earth Summit.

Norway's Prime Minister Gro Harlem Brundtland, a prime mover for the Earth Summit, will be a regular participant, along with Tibet's Spiritual Leader the Dalai Lama; and

Others expected to be seen during the two-week event include singers Olivia Newton John, Sting and Elton John, actress Meryl Streep, globe-trotting environmentalist Jacques Cousteau and Brazilian soccer hero Pele.

Oil prices hit year's highest

NEW YORK, May 30: Oil futures rallied Friday to their highest close of the year, wrapping up a week that saw traders stunned by indications that Saudi Arabia wants higher prices, reports AP.

Light sweet crude oil for delivery in July settled at 22.11 dollar per barrel, up 16 cent for the day and 1.17 dollar for the week, on the New York Mercantile Exchange.

The benchmark US crude began the trading week Tuesday by soaring more than one dollar a barrel to 22 dollar after Gulf sources said Saudi Arabia, OPEC's biggest and most influential member, was willing to let crude prices rise this summer.

The Saudis have worked for years to keep prices moderate, fearing that oil-consuming nations would seek alternative energy sources if oil became too expensive. The kingdom's apparent policy reversal pushed oil prices to a higher level, where they stayed all week.

But not all traders were convinced. The market weaved uncertainly Wednesday and Thursday, as traders wondered whether the big jump had been for real or an over reaction.

By Friday afternoon, many players decided prices wouldn't fall, so they started buying again.

"We opened up very strong earlier in the week, and people were looking at the possibility of a reversal and it never developed," said Ed Ryan, an oil broker at Dean Witter Reynolds Inc.

Home heating oil futures soared to new highs for the year as contracts for delivery in June went up 10 cents. The US supply of heating oil is at its lowest level in years, and traders have been buying it out of concern that stockpiles might not be replenished when the next heating season rolls around.

Heating oil for delivery in June settled at 60.50 cent a gallon, up 0.54 cent.

"It's kind of a confusing market," said Peter Beutel, an oil analyst at Pegasus Economic Group Inc. in Hoboken, NJ. "A lot of people are shaking their heads, wondering why heating oil is worth 60 cent here in June. It was trading at 49 cent in January."

Unleaded gasoline for delivery in June settled at 65.91 cent a gallon, up 0.68 cent. For the week, heating oil rose 4.21 cent and gasoline rose 1.97 cent.

Gasoline has been surprising traders by lagging the rest of the market, although the peak summer driving season is arriving.

Natural gas prices were higher Friday, with contracts for delivery in July settling at 1.625 dollar per 1,000 cubic feet, up 0.8 cent for the day and eight cent for the week.

In London, North Sea Brent Blend crude oil for delivery in July settled at 20.79 dollar per barrel, up 13 cent for the day and 1.07 dollar for the week, at the International Petroleum Exchange.

RBI fires chairman of another bank

Grindlays denies role in BSE scam

BOMBAY, May 30: ANZ Grindlays PLC has denied involvement in Bombay's stocks and securities scandal and said it saw no need to provide against possible losses, reports Reuter.

ANZ Grindlays has denied the existence of the alleged transactions, the bank's General Manager for South Asia Bob Edgar said in a statement. ANZ Grindlays is a subsidiary of ANZ Bank (ANZ, AX) of Australia.

His denial followed Indian news agency and newspaper reported that India's central bank the Reserve Bank of India (RBI), asked ANZ Grindlays to provide five billion rupees (192 million dollar) against possible losses in its transactions with the state-owned National Housing Bank.

An RBI spokesman said he could not confirm or deny those reports.

The reports also said that the Reserve Bank also asked the State Bank of India to provide 7.22 billion (277 million dollar) against possible losses

with the National Housing Bank, a wholly-owned subsidiary of the RBI.

The Housing Bank's Chairman, MD Pherwani died of a heart attack last week after he was sacked by the central bank.

The scandal broke on April 22 when the State Bank of India disclosed that stock broker Harshad Mehta owed it 6.22 billion rupees against government bonds he did not possess.

Mehta then reportedly paid the money back by using funds from a National Housing Bank cheque, drawn in favour of ANZ Grindlays, the United News India (UNI) reported.

ANZ Grindlays connection with this matter is only in respect of cheques processed in the normal course of business, the bank's statement said.

Another report adds: India's central bank fired another chairman of a bank which it said was involved in the money and stock market scandal in Bombay.

The Reserve Bank of India (RBI) said in a statement it had asked the Chairman of Bank of Madras to step down and appointed an RBI official to supervise its operations.

But the RBI said Bank of Madras's financial position was "intrinsically sound and there is no cause for concern for the depositors."

RBI earlier this week launched liquidation proceedings against the privately-held Bank of Karad and sacked the entire board of directors of the state-owned Metropolitan Co-operative Bank for manipulating deals on government bond.

The Central Bureau of Investigation is probing possible collusion between bankers and stock brokers to channel money from the government bonds market to the Bombay bourse.

Fraudulent or uncovered Banker's receipts — permissive notes issued by a bank to pledge delivery of government securities — have been at the heart of the 30-billion (US one billion dollar) scandal.

US witnesses fastest growth

WASHINGTON, May 30: The US economy from January to March grew at the fastest pace since the early months of the Bush administration but the rebound remained lacklustre by historical standards, reports AP.

The gross domestic product, the broadest measure of economic health, grew at a 2.4 per cent annual rate, adjusted for seasonal variations and inflation, the Commerce Department said Friday.

A month earlier it had estimated growth in the nation's output of goods and services at a somewhat smaller two per

cent rate.

In an accompanying report, the Department said after-tax corporate profits surged at an eight per cent annual rate in the first quarter, the biggest gain in four years. Also, bank officers told The Federal Reserve that loan demand is picking up from consumers and small and medium-sized businesses.

Stock prices rallied early in response to the favorable figures, with the Dow Jones average of 30 industrials peaking into record territory beyond the 3,400 mark for much of the day.

However, later selling blunted the broad advance, and the Dow Jones average closed with a loss of 1.55 points at 3,396.88.

"The GDP report is good news, further demonstrating the return to a pattern of more solid economic growth since the start of the year," said Michael Boskin, President Bush's chief economic adviser.

Private economists agreed, but noted the rebound is still the mildest in half a century.

"This is a very positive set of signs that recovery is really here," said economist Allen Sinai of the Boston Co.

\$42.5b Taiwan budget okayed amid protest

TAIPEI, May 30: Opposition lawmakers knocked down microphones and shouted anti-government slogans Friday as parliament approved a record budget of 1.063 trillion Taiwan dollar (42.52 billion US) for the fiscal year beginning in July, reports AP.

Legislators of the Democratic Progressive Party staged the brief protest in a futile attempt to stop Liu Sung-Fan, president of the legislature, from taking a vote on the budget.

The opposition lawmakers accused lawmakers of the governing Nationalist Party of ap-

proving millions of dollars to fund enterprises owned by the Nationalists. Officials said the funds were to finance projects commissioned by the government.

The protesters also claimed that the Nationalist lawmakers had approved the budget even though committees in the legislature have not finished screening it.

The opposition party has 18 seats in the 125-member Parliament.

Officials said parliament has cut 22.7 billion Taiwan dollar (908 million US), or about two per cent, from the budget as proposed by the Cabinet.

Environment or development: A tough choice for Third World

JAKARTA, May 30: Asia's poor nations are in a plight that highlights the global dilemma facing world leaders at next week's Earth Summit in Brazil, reports Reuter.

They demand the right to industrialise, to haul themselves out of mass poverty, but say they cannot avoid destroying the environment in the process unless they get help.

"For us in India the most important issue in any environmental conference is naturally the issue of poverty and development," said Kamal Nath, India's Environment Minister, in New Delhi.

The Earth Summit — formally the UN Conference on Environment and Development — begins on June 3 in Rio de Janeiro. For many in the industrialised world, the emphasis is on the environment, but the slant is different for the poor.

"There is a kind of anti-development attitude with regard to the environment," Indonesia's Environment and Population Minister Emil Salim said in an interview.

"It is I think wrong... what bothers me the most is that this whole issue of environ-

ments not seen within the framework of development.

"Development with environmental considerations, that is the crucial issue."

Some in Asia — the world's most populous continent, with the fastest-growing economies and a large percentage of its plants and wildlife — feel the summit could turn into an event in which the Third World comes under attack,

with little money forthcoming to help the poor develop their economies.

In general, the developing nations feel wealthier countries, with only 10 per cent of the earth's population, are responsible for most of the pollution but do not really take to heart the problems facing the Third World.

They warn that they have to industrialise to raise up their

billions of poor and hungry but that the cost and technical know-how to make it environmentally sound must come from advanced countries and international institutions.

"The developed countries are worried about over-population and its effect on the environment and the earth's resources," said Nath.

"It's all very well for them," he added. "But they must

look beyond their air-conditioner cars and homes and remember the poor in developing countries to whom a head-load of firewood may mean the difference between getting a meal for the entire family or having to go without one."

Malaysia's Prime Minister Mahthir Mohammed was so irritated at the prospect of being picked on at the summit about

his country's logging activities that he initially threatened not to go to Rio.

Malaysia is worried, in particular, that the United States will use the summit to force a treaty, or convention, on forests.

"It is easy for the US to call for such a convention because most of its forests are gone," Malaysia's Primary Industries Minister Lim Keng Yaik said.

Though Nath said there was no question of India indulging in US bashing at the summit, Washington has already become a target of anger, accused of being more concerned with its internal politics than saving the globe.

Emil, despairing that any real substance would emerge from the summit, accused President George Bush of lacking the vision to see beyond November's US Presidential elections and the need to preserve jobs rather than tackle emission of globe-warming carbon dioxide.

"I would tell President Bush... (why) should you give up the whole future of the globe for only a few months of domestic politicking?" he said.

The United States has come under sharp criticism for demanding watered down language in a treaty on global warming to be signed at the summit.

Emil, who was trained in the United States, wants free transfer of technology so poor countries can make use of alternatives to fossil fuel, help with financing efforts to curb poverty and use of natural resources, and foreign debt relief.

He also wants international institutions that will really make sure that development and environment are not separated.

"The developed countries ask that we maintain our forests as a sink base (to suck carbon dioxide from the air) but don't give alternatives to how we should develop," he said. "This makes me mad."

"All the burden is being carried by the developing countries. There is no technology transfer, no substitution of fossil fuel... and no reduction of greenhouse gases."

Emil added: "Developed countries are in first class and I'm in economy. But the plane is crashing."