

BRIEFS

Pak money rates dive

KARACHI, June 1: Rates for the Pakistan government's six-month T-bills divided Sunday after the central bank accepted bids for bills with 4.03 billion rupees, reports Reuters.

The State Bank of Pakistan accepted bids at 12.28 per cent, down from 13.13 per cent at the previous auction, dealers said.

"The latest issue (of the T-bill) was being offered at around nine and 10 per cent level at the close, dealer Nabeel Waheed said. "We do not expect this outflow to have any substantial impact on the market and we believe rates are going to remain low." The interbank call rates remained unchanged at 1.1/2 to 2.0 per cent.

Gulf states buy Pak Basmati rice

ABU DHABI, June 1: Six Gulf Arab states, who form a joint purchasing committee for rice imports, have bought 56,000 tonnes of Basmati rice from two private Pakistani firms, officials here said, reports AFP.

The committee agreed in Dubai Thursday to buy the rice for 430 dollar per tonne for delivery to Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates (UAE), Qatar, and Oman.

"It is very cheap" said the committee's chairman, Tareq-Barak. "But we could not have wrested such a deal without a joint purchase."

India's spice export hits record high

NEW DELHI, June 1: India's export of spices during the 1991-92 year ending March 31 has touched a record high with the country's share in the world spices market reaching 33 per cent. According to an official press release available here Sunday, 160,567 tons of spices were exported during the year, 33,276 tons more than in the previous year, reports Xinhua.

Tin price soars to 10-month high

KUALA LUMPUR, June 1: Tin hit a new 10-month high yesterday on the Kuala Lumpur tin market on strong overseas buying demand and supply shortage as miners refrained from selling in anticipation of higher prices, dealers said, reports AFP.

The price of tin closed at 15.53 Malaysian dollar (6.20 US) per kilo, up 10 cent (four US cent) from previous day. There seems to be an increasing interest now from the European buyers, said a tin trader.

Estonia ready for own currency

HELSINKI, June 1: Estonian Foreign Minister Jaan Manitski said on Sunday his country was ready to introduce the kroon as its new currency, reports Reuters.

"Everything is prepared, everything is in place and all exchange places are prepared and manned, Manitski told Reuters when asked if the kroon would be introduced soon. Estonia would become the first of the former 15 Soviet republics to introduce its own currency.

ICO agrees on new coffee deal

LONDON, June 1: Producing countries in the International Coffee Organization have agreed on the broad outlines of a new international coffee agreement, delegates said here yesterday, reports AFP.

They added that the producers have also decided to recommend a total export quota of 62 million bags for the first year of a new agreement-10 million less than forecast consumption.

Ukraine stops inland use of rouble

KIEV, June 1: Ukraine said yesterday the use of the rouble on its territory would effectively end on July 1, when the former Soviet republic starts using reusable coupons to meet all everyday payments, reports Reuters.

But Ukrainian Deputy Finance Minister Pavel Slipchenko told a news conference the move did not mean Kiev was leaving the so-called rouble zone.

Australian wheat sales to Iran slump

ABU DHABI, June 1: A wheat shortage pushed down Australia's exports to Iran by nearly 50 per cent in 1991 but trade is expected to recover this year, the United Arab Emirates daily Gulf News said yesterday, reports AFP.

The exports stood at 307 million dollar in 1991 compared with 500 million dollar in 1990, the paper quoted Bruce Wallace, Australia's Trade Commissioner in Tehran, as saying during a visit to Dubai.

Japan to deregulate insurance sector

TOKYO, June 1: An advisory panel to Japan's Ministry of Finance (MOF), the Insurance Council, unveiled Sunday a final proposal to deregulate the insurance industry, the first such major revision since 1940, MOF officials said, reports Reuters.

The report, based on a medium to long term perspective, is important in giving us future prospects for the insurance industry," Shun Ayama, Chairman of the council, told reporters.

The proposal, which aims to enhance competition and increase efficiency, is part of Japan's overall programme to deregulate the financial industry.

The council proposed that life and non-life insurers be allowed to enter banking, trust and securities businesses through subsidiaries both in Japan and overseas, subject to approval from the Finance Ministry.

The government has already submitted a bill to parliament to lower barriers between banks and brokerages and dismantle restrictions within the banking sector.

Financing reform concerning banks and brokers is expected to be implemented in the fiscal year starting next April, industry source said.

However, reform of the insurance industry will be carried out after the end of 1994

because the ministry will take at least one year to prepare a reform bill, a MOF official said.

The Insurance Council's proposal will be submitted to the Finance Minister around June 17, he added.

The Insurance Council proposes allowing life and non-life insurers to enter accident, illness and nursing insurance businesses directly and other businesses through subsidiaries which will be allowed to use parent company's sales network to sell their products, he said.

The Insurance Council proposed allowing insurers to issue commercial paper (CP) and borrow money from banks

to help them diversify their sources of funds. But the council put off a decision on allowing insurers to issue corporate bonds.

The usage of the fund through the issue of CP should be limited only to cover a temporary fund shortage and the maximum amount of the CP issue should be restricted, the council said.

Also, long-term fund procurement must be allowed for capital spending or investment in insurers' subsidiaries and affiliates both at home and abroad, it said.

The council also proposed deregulating and diversifying sales channels, such as letting one insurance firm's exclusive sales agencies sell other firms' products.

Other recommendations include introduction of a broking system in which insurance brokers are allowed to advise best insurance products to their clients.

In order to cope with growing business risks stemming from the deregulation of the industry, the council proposed that insurers establish a safety-net mechanism like a deposit insurance system in the banking and other industries.

It also suggested further disclosure of insurers' financial data to the public and higher insurance dividends to policy holders.

The council proposed that the MOF should also pave the way for insurers owned by policy holders as mutual companies to become companies owned by shareholders.

The committee also said that foreign insurance firms doing business in Japan should be regulated under the same laws as the domestic firms.



GOODWILL GESTURE: Chief Cabinet Secretary of Japan Koichi Kato (C) shaking hands with President and Director of General Motors in Japan Richard R Johnson (R) as he was receiving in Tokyo a delivery of Cadillac Fleetwood Sedan for official use on June 1. Kato is the first cabinet member to choose an American car for official use, initiating a government contribution to help reduce trade friction with the US. — AFP photo

Ban may cripple Yslavia in long run

BELGRADE, Yugoslavia, June 1: Tough U.N. sanctions slapped on Serbia-Yugoslavia may not produce immediate effects, but could devastate the country's war-burdened economy in the long run, experts said Sunday, reports AP.

Belgrade residents, whose living standards have plummeted in recent months because of the costs of financing the military, appeared resigned to continued hardship and questioned whether sanctions would change the Yugoslav leadership's policies.

"My budget has been embargoed for months. So this new embargo will not make much difference," said Slavica Peric, a housewife.

The U.N. Security Council voted Saturday for sweeping economic and political sanctions against Serbia and Montenegro, the two republics constituting what remains of Yugoslavia.

The sanctions were im-

posed to force Yugoslavia, held largely accountable for the escalation of ethnic warfare in Bosnia-Herzegovina, to halt its involvement there. The conflict pits Serbs against Slavic Muslims and Croats.

Yugoslavia's Foreign Trade and Economics Minister, Bozo Jovanovic, predicted a "general (economic) standstill, and enormous shortage" in the long run because the economy largely depends on industrial imports.

But others concurred with Mrs. Peric that effects of the sanctions — including an oil embargo, a trade ban except for food and medicine, suspension of air links and a freeze on foreign assets — would not be immediate.

The new Yugoslavia is self-sufficient in food and electricity production. It also produces about a quarter of its 400,000-ton monthly oil needs.

"Yugoslavia's oil production is enough for the Yugoslav army to continue the war," one

Western diplomat said.

Media reported that Yugoslavia, anticipating an embargo, had since the beginning of the year imported twice its gasoline needs, and stocked several months' reserves.

The Yugoslav economy is burdened by an 81 per cent monthly inflation rate, 20 per cent unemployment and a foreign debt of about 12.5 billion dollars.

Meanwhile, Britain on Monday joined the United States in freezing Yugoslav assets in response to sanctions intended to end the civil war in Bosnia-Herzegovina.

The Treasury made the announcement shortly after midnight, and said it would affect Serbian and Montenegrin assets starting Monday.

Prime Minister John Major said Saturday that sanctions must be used to impress upon the Serbs "that their current behaviour is unacceptable."

Another despatch from

Tokyo adds: Japan said Monday it would halt trade with Yugoslavia and stop movement of its assets in and out of Japan as part of U.N. Security Council sanctions against the rump state, reports Reuters.

"Japan is ready to take action in line with the U.N. decision," a foreign ministry spokesman said. A formal announcement would be made within a few days.

A Reuters copy from Beijing adds: China said Monday it would abide by UN sanctions against Serbia-led Yugoslavia, despite having abstained on the Security Council vote imposing the measure.

"China will carry out the relevant decisions made by the (United Nations) Security Council, the Foreign Ministry said in an answer to a question.

China and Zimbabwe were the only two countries to abstain on the motion in the 15 member Council. The other 13 all voted in favour.

China sells oil to Yugoslavia.

Ramos to target power, foreign capital

MANILA, June 1: General Fidel Ramos, who is expected to take over as the next Philippine president at the end of June, plans to kickstart the economy by accelerating power development and attracting fresh overseas investment, reports Reuters.

The former defence chief, who is the front-runner in the seven-cornered presidential race, said he would give priority to solving the country's chronic energy shortage and restoring political stability.

"The economic recovery programme is going to be intensified," Ramos said in an interview.

President Corazon Aquino had restored democracy after sweeping aside the dictatorship of the late president Ferdinand Marcos. "Now we must attend to the economic empowerment of the people," he declared, cradling his

trademark unlit cigar.

If confirmed by Congress as president, the 64-year-old general who was trained at the US military academy West Point, will inherit a country racked by simmering communist insurgency, threats of a coup by right-wing army rebels and burdened by a 29 billion dollar external debt that has drained the economy.

The first Protestant leader of the overwhelmingly Roman Catholic Nation, Ramos said he wanted to restore the Philippines to its rightful place in Southeast Asia and reverse its image as the economic basket case of the region.

"It's unfair to us. But we must do something to improve our image," said Ramos, who proclaimed himself winner of the presidential race on Saturday even though Congress is still counting the votes.

Ramos, who kept Aquino in

power through six coup attempts, said in the interview with Reuters and Japan's NHK Television that he planned to implement five major programmes of government.

These comprised improved national political stability, acceleration of the power development programme, economic revival, protection of the environment and streamlining the bureaucracy.

The country of 62 million people faces a national emergency because of the energy shortage. He recommended a series of stop-gap measures to bridge the energy gap until new generating plants could be brought on stream.

These included leasing or borrowing moveable diesel generating barges that could be plugged into the national grid to cut the electricity shortage that has caused power cuts of up to 12 hours a day

in Manila and surrounding provinces.

Surplus capacity from private generating plants, such as the US Subic Bay naval base, could also be tapped, he said.

The Philippines has a 2.0 billion dollar programme to build new power plants, but this may not fully meet demand until 1994, according to the National Power Corporation.

Ramos, who was Aquino's chosen successor, said he wanted to open up the Philippines further to foreign investment.

A new foreign investment law may need to be further improved by cutting a so-called negative list which bans foreigners from certain key or protected sectors of the economy, Ramos said.

stimulated by comments from Bank Negara, Malaysia's central bank, that it was not bank policy to determined the ringgit's level through intervention.

Singapore dollar: The Singapore dollar weakened against the US currency to end Friday at 1.6330, down from 1.6320 the previous week.

The OCB Trade Weighted Index for the Singapore dollar stood at 136.04, down 0.39 points from last week's 136.43. The index is calculated against the currencies of Singapore's top 12 trade partners.

South Korean won: The won ended its slide against the dollar and firmed during the week, trading Saturday at 783.50 to the US unit compared with 784.80 a week earlier as dealers said the foreign exchange market started showing signs of stabilising.

Miracle bulb

COLUMBUS (Ohio), June 1: A new kind of light bulb developers say uses a fraction of the energy of traditionally varieties and can last up to 20 years makes its debut Monday, reports AP.

Hailed by some as the biggest improvement since Thomas Edison invented the light bulb in 1879, skeptics point to the so-called E-lamp's high cost and use of radio waves as potential drawbacks.

The lamps use a magnetic coil that generates a radio signal, which mixes with the same gas used in conventional fluorescent lamps. A plasma is formed, which makes a phosphorus coating on the inside of the glass glow.

The bulbs, which don't have filaments, can fit most sockets, generate up to 150 watts of power and last 10 to 20 years, developers said. They are scheduled to be sold early next year for 10 to 20 dollar each.

The invention uses one-fourth of the energy of incandescent bulbs because it produces less heat. It also is billed as a money saver because consumers would have to buy fewer bulbs.

Lighting consumes one-fourth of all the electric power generated in the United States, Europe and Japan, E-lamp promoters said.

"We believe it will be a significant invention as the CD or the fax machine or the cellular telephone was in the 1980s," said Pierre G. Villere, president of a co-developer, Intersource Technologies.

Observers in the energy industry said the announcement is a significant one, but some expressed concern about the cost and the possibility that the bulbs could interfere with reception of radio broadcasts.

American Electric Power Co. of Columbus, one of the country's largest investor-owned electric utilities, is investing \$6.5 million in the technology.

"We believe it will be a cornerstone of our energy conservation programs," said spokeswoman Marsha Ryan. Intersource, started in 1989, said the bulb lasts from 15,000 hours to 20,000 hours. The typical incandescent bulb lasts from 750 to 1,500 hours.

Karl Johnson, manager of commercial building systems at the Electric Power Research Institute in Palo Alto, Calif., said the E-lamp is a major improvement if the developer's claims are true.

"They're good steps to improve lighting efficiency," he said.

But he said paying 10 to 20 dollar for a bulb "tends to be a barrier," and said inventors have had problems in the past with the frequencies of the bulbs interfering with radios.

RBI Governor won't be axed: Singh

Grindlays braces for \$167m setback, tells creditors not to worry

BOMBAY, June 1: A foreign-owned bank, bracing for a 167-million dollar setback in a stock market scandal, assured depositors Sunday that it had done no wrong and that its losses will be covered, reports AP.

ANZ Grindlays was one of several Bombay banks ordered to set aside billions of rupee while police investigate the alleged illegal siphoning of bank money to a private broker for investing in the Bombay Stock Exchange.

The scam powered India's largest stock market into an unprecedented boom this spring. Discovery of shady practices led to a precipitous crash that wiped out thousands of small investors and shook India's financial houses and the government.

In half-page ads on the business pages of leading Bombay newspapers, ANZ Grindlays said its projected loss represented just two-tenths of one per cent of the worldwide assets of the banking group based in Australia and New Zealand.

"The bank has been in India for 138 years and intends to celebrate 200 years of operations," said the ad. "The group is fully committed to its Indian operations."

The State Bank of India, a wholly owned subsidiary of the central bank, has been instructed to prepare for possible losses of seven billion ru-

pee (233 million dollar).

The British-based Standard Chartered Bank faced possible losses of 50 million pound (91 million dollar).

Finance Minister Manmohan Singh said Saturday the scandal would prompt a cleanup of the banking and stock market operations, a country that has no laws against insider trading.

"We will punish whoever is guilty, whether in the banking system or outside," Singh was quoted as saying by the Times of India.

Singh said small depositors of the Bank of Karat, a 48-branch local bank that was put into liquidation, would be protected, even though withdrawals have been stopped.

Reuters from Bombay later adds: Manmohan Singh denied that the central bank Governor was about to be axed over a stocks and securities scandal in Bombay, the Press-trust of India reported.

Singh told reporters after meeting with Reserve Bank of India Governor S Venkitaraman: "He continues to enjoy my full confidence, PTI said."

He said an RBI inquiry into the scandal would produce a report in the next two or three days, PTI reported.

Investigators are looking into the operations of 17 Indian and at least four foreign banks.

Tax evasion has hit Pak growth: Ex-WB VP

ISLAMABAD, June 1: Pakistan's economic growth is being hampered by an enormous level of tax evasion, former World Bank Vice-President Moeen Qureshi said, reports Reuters.

"Far more tax is evaded than collected," said Qureshi, a Pakistani who recently retired from the bank to set up an investment company in Washington aimed at developing countries.

Blaming a lack of strict action against tax evaders for poor government revenues, he recommended harsher penalties for non-payers.

"Everybody wants the government to do this and that but nobody wants to pay the tax," he told a news conference.

Another reason for poor government revenue collection was a general decline in social morality, he said.

"We don't need religious movements but moral revival in Pakistan."

He said the government should start taxing farming, an idea long advocated by international donors as a way of broadening the government's narrow tax base but opposed by big landowners who dominate parliament.

Qureshi praised government economic reforms for creating favourable conditions for investment in Pakistan but said more attention must be paid to law and order problems in the country.

Pakistan needed huge investment in highways, communication, power, and industry that could only come from the private sector.

Qureshi's Washington-based Emerging Market Corporation (EMC) would be interested in investing in Pakistan, he said.

EMC plans to soon float investment bonds in the United States to raise 300 million dollar that would be used to invest directly in industry and developing countries.

BCCI executives to cooperate in probe

LONDON, June 1: Former senior officials of the collapsed Bank of Credit and Commerce International (BCCI) have said they are prepared to cooperate with investigators trying to unravel BCCI's affairs, a Member of Parliament said, reports Reuters.

Opposition Labour MP Keith Vaz said on return from a trip to Abu Dhabi and Karachi that some officials said they would cooperate with Britain's serious fraud office in helping to track what some call the biggest fraud in the history of world finance. Some of these officials are prepared to come forward and clear their name.

There also appears to be a lot more money left in the bank than we at first thought, Vaz said.

Vaz said in a statement that some of the officials concerned had fled Britain after the vir-

tual worldwide closure of BCCI in July last year. They would not however return to Britain to offer their help.

He said they had produced documents that cast serious doubts on the asset figure given by the liquidators as to the amount of money left in the bank. The officials are now prepared to help the liquidators, Vaz said.

Vaz, Chairman of a BCCI parliamentary group, said Abu Dhabi had accepted delivery of a letter signed by 150 British MPs calling for more compensation for BCCI depositors.

Vaz said last week he wanted the ruler of Abu Dhabi to raise compensation to four billion. Liquidators Touche Ross and Abu Dhabi shareholders have proposed a 1.7 billion plan which could pay for 30-40 per cent of creditors' claims.



PROTEST AGAINST BUDGET: Pakistani trade unionists staging an anti-budget rally on May 31 in downtown Karachi. Demonstrators carried placards demanding the withdrawal of discriminatory labour laws from the proposed 1992-93 budget. — AFP photo

Asian units go mixed against dollar

HONG KONG, June 1: Asian Pacific currencies had a mixed week against the dollar, reports AFP.

Central Banks played a role in sending the yen and Malaysian ringgit up, while the South Korean won finally ended its long slide against the Greenback by firming.

Other risers were the Thai baht and New Zealand and Taiwan dollars.

The Singapore, Australian and Hong Kong dollars all fell, as did the Philippine peso — generally reckoned to be overvalued — and the Indonesian rupiah.

Japanese yen: The yen rebounded to close the week higher at 128.33 to the dollar, against 129.65 a week earlier, after the Bank of Japan stepped in with dollar sales for three consecutive days to drop up the Japanese unit.

Finance Minister Tautomu

Hata also talked down the dollar rise when he said Friday the Group of Seven leading industrialised nations were supporting a stronger yen.

The yen opened the week firm at 129.12, but steadily lost ground to the week's low of 130.27 as the dollar advanced amid brighter prospects of US economic recovery.

But intervention by the central bank pushed the yen back to the week's peak of 127.83 Friday.

Australian dollar: The Australian dollar edged up against the US dollar to finish at 75.90 US cents Friday, compared with 75.85 seven days earlier but fell against other major currencies over the week.

On the central bank's trade weighted index, which measures the dollar against a basket of major trading currencies,

it slipped down from 57.0 points to 56.9.

Hong Kong dollar: The Hong Kong dollar closed Friday at 7.7420-7.7430, down from 7.7383-7.7393 a week earlier, while its effective exchange rate ended at 111.4, down from 111.7.

The Hong Kong currency has been pegged to the US dollar at around 7.80 since October 1983.

Indonesia rupiah: The rupiah weakened against the dollar over the week from its 2,026 open Monday, the same rate it closed at before the weekend, to end Friday at 2,028.

Malaysian ringgit: The ringgit continued its rise against the dollar this week, gaining 97 points from the previous week's 2,5217 to close at 2,5120 Friday in volatile trading.

The currency's rise was