

Americans, among 125 businessmen, head for the country after the plea

# Cuba appeals for foreign investment

## BRIEFS

### 34 Pak public enterprises sold

ISLAMABAD, June 10: Some 34 state-owned industrial units have been sold to private parties under Pakistan's privatization programme initiated last year, an official statement said Tuesday, reports AFP.

Another 14 units are in the process of transfer, according to the statement issued following a meeting of a ministerial privatization committee chaired by Finance Minister Sartaj Aziz.

More than 100 units were originally listed for sale and the committee was satisfied with the pace of the privatization.

### \$ 5.4 m Japanese aid to Nepal

KATHAMANDU, June 10: Japan will give Nepal 5.4 million dollars to raise food production, the Finance Ministry said Tuesday, reports AP.

Japanese Ambassador Chuchi Ito and Nepalese Finance Secretary Thakur Nath Panth signed an agreement on using the money to buy fertilizers, it said.

### Taiwan dollar's value jumps

TAIPEI, June 10: The Taiwan dollar jumped to a record high of 24.7845 to the US dollar Tuesday amid expectations of credit-squeezing measures by the Central Bank of China (CBC), reports AFP.

The local unit edged up 12.05 Taiwan cent from Monday's finish of 24.905, breaking the previous record of 24.9 registered on May 30.

In view of escalating inflationary pressure on the island, the CBC is reportedly considering raising interest rates, hiking deposit-reserve ratios or imposing selective credit control.

### Fuel crisis halts Russian flights

LONDON, June 10: Krasnoyarsk Airport in western Siberia cancelled all flights Tuesday because of a shortage of fuel and funds, Russian television reported, according to AFP.

The Krasnoyarsk regional authorities had allocated credit to the airport a week ago, but the money had not yet arrived, and there were "vast numbers" of people waiting at the airport, the television said.

### Russia will raise oil prices again

MOSCOW, June 10: First Deputy Prime Minister Yegor Gaidar suggested that prices for oil and oil products would be increased further to bring them close to world levels, but he appeared to rule out free prices in 1992, reports Reuter.

Gaidar told central television that price correctives would have to be introduced this year, but he declined to offer a timetable for fear of creating inflationary expectations.

### Kenya appeals for food

NAIROBI, June 10: Kenya appealed Tuesday for food for more than a million people threatened with famine this year because of a 20-month drought, reports AP.

The government is appealing for 172,978 metric tons of food this year and 24 million dollars to pay for its transport. Another 3.8 million dollars is needed to provide water to the victims, the President's office said in a statement.

### Less than 1 in US lives on farm

WASHINGTON, June 10: Fewer than one in 50 Americans live on the farm, and not even half of those who do are living off of it, reports AP.

The Census Bureau and the Agriculture Department said Tuesday that 4.6 million people resided on farms in 1990, down from 6.1 million a decade earlier. Moreover, the report said, only 45 per cent of farm dwellers derived their principal incomes from farming.

In 1900, four out of 10 Americans lived on a farm. By 1960 that number had shrunk to fewer than one in 10.

### Stocks slumped in NY Tuesday

NEW YORK, June 10: The stock market fell sharply Tuesday with little news or other incentives encouraging investors to buy shares, reports AP.

The market has held fairly steady recently despite seesawing reports on the status of the economic recovery. Traders attributed the losses more to a lack of buying interest than to heavy selling pressure.

CANCUN (Mexico) June 10: Cuban officials told a gathering of international businessmen Tuesday that they have made strong openings to foreign investment as part of great changes aimed at overcoming economic crisis, reports AP.

"Cuba was, is and will be an open economy," said Ernesto Melendez, minister president of the State Committee for Economic Cooperation, vowing to continue the island's heavy reliance on trade.

The officials also said this year's just-ended sugar harvest will be the first in modern Cuban history that fails to account for more than half of the island nation's export earnings.

Meanwhile, some 125 businessmen, mostly Americans, head for Cuba on Wednesday, a day after a Cuban official said their nation was seeking for-

eign investment.

The businessmen, most from the United States, will visit Cuba as part of a conference organized by the London-based Euromoney Publications.

The visit was structured to avoid spending money in Cuba, an act that would violate the 30-year US embargo of the Communist island state.

"It's the first time in a long time there's been a meeting where American businessmen can talk with Cuban officials on a policy level," said conference chairman Kirby Jones.

Most of the businessmen said they were only visiting to explore opportunities that would exist if the US embargo ends. But the Cubans scheduled detailed talks with Havana businessmen on Wednesday and openly invited investment ideas.

Wednesday's scheduled visit to Cuba itself will be the largest gathering of US businessmen on the island in years, according to Ramon Sanchez-Parodi, Cuba's Vice Minister of Foreign Affairs.

It comes as the US Congress debates a measure, sponsored by Rep. Robert Torricelli that would tighten US restrictions by banning foreign branches of US firms from trading with Cuba. Such trade amounted to about \$53 million last year, most of it in food.

Most of the businessmen at Tuesday's event said they weren't planning any investments in Cuba now, but wanted to keep track of developments.

The collapse of subsidized trade with the former Soviet Bloc, which recently accounted for 85 per cent of Cuba's trade, has led Cuba to look for foreign business part-

ners as it seeks to jolt its economy from a slump.

Melendez joined other officials here in laying out an array of investment opportunities, many prompted by the need to adjust to severe cuts in Soviet oil and the loss of old socialist markets.

Citrus processing, oil exploration, currently underutilized factories — even some banking operations — are open to foreign capitalists who enter joint ventures with the Cuban state, they said.

Several dozen joint ventures, mostly from Europe or Latin America, have begun to operate in Cuba, taking advantage of liberalized laws on exporting profits as well as the greatly increased autonomy now granted scores of companies to import and export goods without state control.

Melendez insisted that

Cuba's drastic steps to overcome the shock of Communist collapse have begun to help the economy, which Smith College economist Andrew Zimbalist said had seen a 33-35 per cent drop in total output since 1989.

Melendez also said that this year's sugar harvest, delayed by late rains, was completed in the "last few days." He said it was "a good harvest... similar to those of previous years."

But he gave no specific figures saying only that it was between five million and 8.5 million tons. The London-based Cuba Business newsletter this month estimated the crop would range between 6 million and 6.85 million metric tons, down from a reported 7.6 million tons last year.

JM Bardia, a Cuban-American investment banker, said he wouldn't invest in Cuba under

the embargo, saying he believes companies that do "would be at risk." But he said he wanted to explore eventual business opportunities.

"If nothing else," those who meet the Cubans "will have their feet in the door," he said. "Those that have been able to make contact with the Cubans will be first in line," Jones told the businessmen.

He said European companies, facing no embargo, are already moving into the gap.

Cuba's economy, set back by the loss of its traditional US trading partner in the early 1960s after Communists took over, is reeling again with the loss of trade caused by the collapse of the Soviet Union.

Sugar, which once accounted for 80 per cent of Cuban exports, will cover less than half this year for the first time in the century, according

to Miguel Alejandro Figueras, adviser to the Committee for Economic Cooperation. He said Cuba now receives a market price of about 200 dollar a ton instead of 800 dollar or more it received in past years from the Soviet Union.

The Cubans said they have cut red tape on importing and exporting, offered tax breaks on foreign investments and allow profits to be sent out of the country.

The country has built 5,000 new, international-class hotel rooms and plans to reach 30,000 within three years. It hopes to host 900,000 to 1 million tourists by 1995.

Jones said recent studies indicated that trade with Cuba could quickly surpass \$1 billion a year if the embargo ended, giving US business much cheaper sources of sugar, nickel and other goods.



ROYALTY REPLACES REFORMER: Photograph dated June 9 shows an Australian five dollar note sporting the face of Caroline Chisholm, a 19th century pioneer and welfare reformer. The Reserve Bank has decided to drop Chisholm from the new five dollar note which will feature Britain's Queen Elizabeth. The decision to secretly print 25 million of the notes has angered Prime Minister Paul Keating and aroused Republican sentiment. — AFP photo

## Elizabeth to reappear on Australian note

SYDNEY, June 10: Australia's central bank says it will re-introduce the traditional portrait of Britain's Queen Elizabeth on a new five dollar note — despite objections by Labour Prime Minister Paul Keating, reports Reuter.

"It is not the role of the Reserve Bank to be the arbiter of community views," Reserve Bank Governor Bernie Fraser said in a statement on Tuesday.

"The fact is that Australia remains a constitutional monarchy, however community attitudes might have evolved over recent years."

He said the bank had "judged it appropriate to hold to the earlier decision to depict the Queen on the five-dollar note in the new note series. Keating told parliament last week he did not believe it was fitting that a portrait of the Queen, who is Australia's Head of State, replace that of 19th century welfare worker Caroline Chisholm on the new note.

Keating has recently sparked controversy here and in Britain over his proposal to remove the Union Jack, symbolic of former British colonial authority, from the flag to give Australia a fresh identity aligned to Asia and the Pacific.

## Russia won't return assets seized by Bolsheviks

MOSCOW, June 10: Russia has rejected proposals to return property seized by the Bolsheviks after the 1917 revolution, Russia's privatisation supreme said, reports Reuter.

Anatoly Chubais, a Deputy Prime Minister, said such moves has caused chaos in the rest of Eastern Europe.

"This is the biggest source of delay in the privatisation programmes in Czechoslovakia, Poland and (eastern) Germany," Chubais, who heads the State Property Committee, told a news conference.

He said proposals for the return of such property had been considered and rejected, adding that Russia's relatively long period under communist rule further complicated the question of property claims by Tsarist-era owners and their heirs.

Parliament has approved a law on privatisation. But Chubais said the real fight would take place later this week when the government's programme to implement the measures would come up for discussion.

Until then the government would not discuss the scope or scale of the proposed privatisation.

## Abu Dhabi wants to buy peace, quiet

LONDON, June 10: Abu Dhabi, majority shareholder of the disgraced Bank of Credit and Commerce International (BCCI, CN), wants to buy peace and quiet from the threat of creditors claims, the British High Court heard Wednesday, reports Reuter.

Counsel for BCCI liquidators Touche Ross said on the second day of a court hearing into a plan to compensate worldwide creditors, they (Abu Dhabi) want to buy peace and quiet.

Abu Dhabi wants creditors to drop any claims against it in return for contributing some 1.7 billion dollars towards

## Basu blames Delhi for BSE scam

CALCUTTA, June 10: The West Bengal Chief Minister, Jyoti Basu Wednesday demanded that the centre bear the responsibility for the stock market scandal, reports PTI.

Regretting that the Prime Minister and the union Finance Minister could not 'realise' the consequences of the 'artificial' boom in the stock exchanges, the Chief Minister said that he had drawn their attention much earlier "though the government did not intervene."

## Better growth for Asia minus Japan forecast

SINGAPORE, June 10: Asian states outside Japan are headed for increased economic growth this year, fuelled by rising demand in the United States and free-market reforms in China and India, Merrill Lynch Brokers say, reports AFP.

The brokerage house's latest Asian economic commentary forecast that the 10 major Asian economies apart from Japan would average 6.9 per cent growth in gross domestic product, up from six per cent last year.

It said the nascent economic recovery and growing import demand in the United States would be the major positive factor for the region's export-led economies over the next six to 12 months.

Merrill Lynch said moves toward economic reform and deregulation in China and India "hold the promise of vastly improving their medium-to-long-term prospects" and will make them a focus of investor attention.

"The ripple effects of the policy changes that are being put in place in China and India through the rest of the region should not be underestimated," the report said.

global compensation. This waiver of claims has provoked criticism among creditors who want the claims pursued for a bigger dividend.

Some three billion dollar of promissory notes and guarantees given by Abu Dhabi in support of BCCI are central to creditors' insistence for a higher dividend than the 30-40 per cent offered by the compensation proposed by Abu Dhabi and Touche Ross.

Some creditors want these notes to be honoured.

But counsel for Abu Dhabi said any attempt to enforce the notes would be resisted to the hilt. The notes were signed in May 1991 as part of a proposed refinancing of BCCI which never went ahead as regulators closed the bank on July 5.

Alleging fraud, Abu Dhabi is offering a waiver of a 2.0 billion dollar claim against BCCI for alleged misappropriation of funds.

If Abu Dhabi sued for the 2.0 billion, which were placed within the BCCI group for investment on behalf of the ruler of Abu Dhabi, Sheikh Zaid bin Sultan al-Nahayan, this would reduce the dividend for creditors.

Abu Dhabi is claiming 1.9 billion dollar against BCCI as an admitted creditor.

It said other economies plugged into these two countries are receiving more attention. Hong Kong and Taiwan have close ties to China and Singapore is emerging as India's door to the world.

At least one major Indian company has established its global offshore headquarters in Singapore while other companies have initiated such moves by setting up either marketing or procurement offices.

On the other hand, Singapore-based companies are also actively seeking to enter the Indian market. Merrill Lynch said that with India's awakening likely producing economic benefits for South-East Asian states, "Singapore might then emerge as the focal point of such expanded economic ties."

On a cautious note, the report said the recent violence in Thailand showed that while the region continues to forge ahead economically, its political evolution may be much slower and far from smooth.

It added, "economies could certainly falter during such hiccups, but by and large and as the Filipinos, the Koreans and the Thais have demonstrated, there is reason to be optimistic."

## Donors to monitor democracy for aid

TOKYO, June 10: The world's richest nations will agree next week to monitor democracy in needy countries more closely before they give aid, a Japanese Foreign Ministry official said Wednesday, reports Reuter.

Officials of the 18-member Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) will meet in Paris on June 16-17 to affirm their goal of linking aid policies to human rights records and military spending trends in recipient countries, he said.

"Donor nations do not plan to bind themselves to strict guidelines," the official said, "but they are close to a consensus that they should pay more attention to recipient governments' attitudes towards democracy and disarmament in the post-Cold War era."

This loose target for Official Development Assistance (ODA) is expected to be on the agenda when the Group of Seven summit in Munich on July 6-8 brings together the heads of state or government from the United States, Japan, Germany, Britain, France, Italy and Canada, the official said.

How to draw a line between necessary increases in defence budgets and excessive spending for military buildup remains, however, a thorny issue, the official said.

One way of reviewing arms trends is to compare ODA recipients' military spending with their outlay on education and social benefits, he added.

## Tin prices hit 18-month high

KUALA LUMPUR, June 10: Tin soared to a new 18-month high, breaking through what traders said was a resistance level at 16 Malaysian dollar (6.4 US) per kilo on rising European buying and tighter supply, reports AFP.

The price of tin escalated 14 Malaysian cent (5.6 US cent) from its Monday closing level to 16.05 Malaysian dollar (6.24 US) per kilo.

Tin dealers said the price could remain above the 16-dollar level over the short term and could even rise to 17 Malaysian dollar (6.8 US) over the next few months if it could breach the next resistance level at 16.50 (6.6 US).

"The market fundamentals have improved. Buyers, particularly big-time Europeans, are coming back to the market, and if supply remains short, the price could be maintained at slightly above current levels," a dealer said.

A stronger London Metal Exchange and a shrinking world surplus could further enhance market sentiment.

## Indian computers fetch \$ 1b

NEW DELHI, June 10: Revenue of Indian computer industry touched the one billion mark in dollar terms during 1991-92, according to a study by the Manufacturers Association for Information Technology (MAIT), reports Xinhua.

The growth rate was 27 per cent compared to 24 per cent in 1990-91, the study said.

Software and hardware exports reached 2,700 million rupees (105 million US dollar) in 1991-92, compared to 2,250 million rupees (88 million US dollar) in the year earlier.

The production of computers in value term went up from 8.2 billion rupees (321 million US dollar) in 1990 to about 8.84 billion rupees (346 million US dollars).

### More fertilisers to be imported

According to another despatch India will import more fertilizer to meet the growing requirement of sustaining agricultural growth during the eighth five-year plan period (1992-97).

According to a plan-related document available here, the country will have to import 5.5 million tonnes of nutrients in the terminal year of the plan (1996-97) to take care of a projected consumption of 18.3 million tonnes as compared to 2.7 million tonnes import and 13.5 million tonnes consumption during 1991-92 financial year.

The document said that during the terminal year alone the imports of fertilizer are projected to cost 89.88 billion rupees (3,520 million US dollar) as against imports valued at 49.51 billion rupees (1,940 million US dollar) during 1991-92.

Russia has been interested in maintaining the current rate of one rupee being equal to approximately Rs. 32, but India has been insisting on a revision of the rate because it has no relation to real values of the two currencies.

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Foreign direct investment in the country plunged last yr

US firms may see jump in return

Currency talks with Russia

Ms Ahluwalia, Secretary in Government of India acknowledged that there was a wide divergence still in the positions of the two countries on the issue of the rupee-rouble rate.

United States plunged 66 per cent to 22.6 billion dollar last year, the government reported Tuesday.

The Commerce Department said that the huge drop from 65.93 billion dollar in direct investment in 1990 resulted from the sluggish US economy and a marked slowdown in corporate takeovers.

It was the lowest level for foreign direct investment since 1984 marked the third straight year that foreign investment in the United States has fallen after hitting an all-time high of 72.69 billion dollar in 1988.

Direct investment had fallen by smaller amounts of 7.4 per cent in 1990 and 2.1 per cent in 1989 after soaring by 80.3 per cent in 1988.

The British colony's banking sector has been dominated by Japanese banks system since 1987, they maintained a steady 58 per cent share last year, according to banking commissioner David Carse's annual report released last month.

Takuzo Kusumi, Managing Director of Mitsubishi Finance (Hong Kong) Ltd, said his bank was currently restraining its asset growth in Europe and the United States to around one per cent or two per cent a year.

"But in Asia, our assets are rather small compared with Europe and the United States," he said. Lending in Asia is therefore expected to grow by

around six per cent or seven per cent a year.

Kusumi noted that Malaysian companies were seeking funds for "actual business" opposed to the leveraged buy outs and restructuring of the manufacturing sector common in western countries.

"They need money for business and the further development of their economies," he said. "In Asia, there are lots of newcomers."

Some of these newcomers are among the small and medium-sized Hong Kong companies among the local customers of Daiwa Bank Ltd like bigger companies. Daiwa is one of a handful of Japanese banks in Hong Kong to maintain a relatively strong

retail banking presence in the colony. In 1989, Daiwa bought the local operations the Seattle-based Rainier National Bank for an undisclosed sum and now has a network of 10 sub-branches in Hong Kong.

Yoshihisa Iidesawa, General Manager of the Hong Kong branch, said the retail business inherited from Rainier is generating about three times more profit than the branch's wholesale banking business in Hong Kong.

"We would like to expand our retail business much more, especially with our existing customer base of small Hong Kong companies expanding into Guangdong."

The Japanese market share of loans for use in Hong Kong

reached a peak of 26 per cent in 1990 but has since fallen to 24 per cent last year, according to the commissioner's annual report. But this was largely at the expense of Chinese and local banks increasing their share at the expense of all foreign banks.

At the other end of the scale, Japanese banks accounted for 90 per cent of offshore lending out of Hong Kong last year. Inter-bank placements overseas came to 190 billion dollar, two thirds of the total, while inter-bank borrowing from abroad came to 342 billion dollar, or 80 per cent.

"Sometimes these amounts are quite big, especially when the monetary situation in

Tokyo is very tight," one Japanese banker said.

And the airport, to be financed by both government and private debt, some of it maturing before 1997 when China resumes control and some of it after?

Japanese bankers, who are being asked to foot up to 60 per cent of the bill, reckon negotiations on interest rate terms will be a fascinating exercise given that nobody quite seems to know who will be responsible for repayments.

"The reason why we are positive is that the amount itself is huge but the Hong Kong economy can afford the expense," said Kusumi of Mitsubishi.