

BRIEFS

Malaysia to allow Iraq more time

KUALA LUMPUR, June 20: Malaysia will not pressure Iraq to make immediate payment of some 30 million ringgit it owes for palm oil purchases. Deputy Primary Industries Minister Tengku Mahmud Mansor said, reports Reuters.

But Malaysia will push for repayment once Iraq's war-torn economy recovers, the national Bernama news agency quoted him as saying on Friday.

Discussion on bid for UPI ends

WASHINGTON, June 20: A lawyer who may make a bid for United Press International said he ended discussions with a Dutch foundation that offered to provide the wire service with seven million dollar, reports AP.

Amsterdam-based National Postal Lottery missed a noon deadline for submitting a letter of intent, said Leon Charney, who has spent 180,000 dollar to keep UPI in business through Monday while he looks at the books.

Japanese firms pin hope on Rao's visit

NEW DELHI, June 20: Japanese firms, locked in a bitter payments dispute over two Indian projects, are seeking a breakthrough when Prime Minister Narasimha Rao visits Tokyo next week, officials and company executives said on Friday, reports Reuters.

The French Spie-Capag, leading Japan's NKK Corp and Tec in a consortium, said it had not received about 60 million dollar from a 600 million dollar gas pipeline project from the state-owned Gas Authority of India Limited (GAIL).

The Mitsui Corporation, leading an all-Japanese consortium to build India's most modern port near Bombay, are locked in a payments dispute with the port, Japanese officials said.

India to check spices export fall

NEW DELHI, June 20: The Indian Commerce Ministry has drawn up a plan of action to check the fall in India's share of the world spices market, the local press reports Saturday, says Xinhua.

The plan aims to increase exports to 163,000 tons by the end of 1996 from last year's 97,291 tons.

The Ministry has identified 15 districts, mostly in the south, for organised cultivation of spices.

Bid to bail out

New York Daily News

TORONTO, June 20: Hollinger Inc has bid about million dollar to buy the troubled New York Daily News and would spend another 200 million dollar on a new printing plant, the Canadian company's president said Thursday, reports AP.

David Radler, President of the Vancouver-based Hollinger, owned by Canadian newspaper tycoon Conrad Black, spoke after the company's annual meeting.

Radler said that of the 75 million dollar, 30 million dollar would go to creditors and another 35 million dollar would be for severance payments. Under the terms of the bid, about 700 positions would be eliminated, Radler said.

Thai growth in '92 predicted at 7.4 pc

BANGKOK, June 20: Thailand's economic growth in 1992 is now predicted at around 7.4 per cent, down from eight per cent, due to political uncertainty, but economic fundamentals were still sound, a Thai official said Wednesday, reports AP.

The hardest hit sectors, following the military's bloody crackdown on pro-democracy protesters mid-May were tourism, including the hotel industry, the airline business and securities market, says Pisit Pakasem, chairman of the National Social and Economic Development Board (NESDB).

Canada's inflation falls to 21-year low

TORONTO (Canada), June 20: Canada's inflation rate fell to a 21-year low of 1.3 per cent in May, the government said on Friday, as the country's sluggish economic recovery pulled down the cost of living, reports Reuters.

The government agency Statistics Canada said its May consumer price index was held in check by falling food prices and only a modest rise in seasonal tax increases.

The 1.3 per cent rise in prices from the same time last year followed a 1.7 per cent gain in the April CPI rate. On a month to month basis, consumer prices fell 0.1 per cent seasonally adjusted and rose 0.2 per cent unadjusted.

Yeltsin in Ottawa to negotiate assistance

Bankruptcy declaration of former Soviet central banks sought

MOSCOW, June 20: Russia's central bank wants parliament to declare the central banks of some other former Soviet republics bankrupt because they refuse to repay debts worth billions of roubles, Russian television said on Friday, reports Reuters.

And in a move which could curtail inter-republican trade, the central bank warned Russian firms it might not be able to pay them for goods sold elsewhere in the former Soviet Union.

"The central bank recommends that enterprises restrict supplies of their goods to the state of the former Soviet Union and sell those goods inside Russia," Itar-Tass news agency said.

Russia, by far the biggest of the former Soviet republics, has been trying to keep a tight grip on monetary policy as other states edge away from the rouble zone.

Its parliament this week approved a law that other republics can use the rouble only with Russian agreement.

But other state say Russia is

starving them of cash and some are forging ahead with plans for their own currencies.

The Baltic state of Estonia abandons the rouble on Saturday in favour of its own kroon currency, to be set at an initial rate of eight kroon to one German mark.

Ukraine, a key rival to Russia on a range of political, military and economic issues, has introduced reusable coupons to supplement the rouble.

Tass said on Friday Ukraine had decided to introduce larger-denomination coupon notes, bringing the highest denomination in circulation to 1,000 coupons from 100 coupons.

Russian television said the central bank was worried about bad debts and excessive lending in other republics.

Russia was afraid that central banks in other states, including Ukraine, were lending domestic companies large sums of money. It did not say how many banks were affected but said Ukraine had lent firms 300 billion roubles (3.5 billion

dollar at the central bank rate).

"If this money is used for transactions with Russia, it will have very grave consequences," the television said.

The warning to companies shows the Russian central bank feels that high debt levels mean that it cannot guarantee to meet all payments due from other republics.

Such payments are channelled through central banks under the old Soviet accounting system inherited by the Commonwealth of Independent States.

If goods could not be sold in Russia, companies would be eligible for short-term loans, Tass added.

An AP report from Ottawa says: Russian President Boris Yeltsin met Friday with Canadian officials to discuss Moscow's plea for aid and its inability to meet payments for grain shipments.

Yeltsin began his day by laying a wreath at Canada's war memorial and then was welcomed to the Parliament building by Prime Minister Brian Mulroney.

The Russian president carried the same message the delivered earlier this week in Washington: Russia needs support and money to keep capitalist reform on track.

Mulroney, who has been sympathetic to Kremlin calls for help, was expected to remind Yeltsin that Moscow is lagging an estimated dollar 80 million behind in payments for Canadian grain already shipped to Russia.

Yeltsin, who arrived in Ottawa Thursday night, looked fresh and upbeat despite a gruelling swing through the United States, where he signed a deal to slash nuclear arsenals, delivered an eloquent plea to Congress to endorse a dollar 24 billion Western aid package and traveled to Wichita, Kan, for a day.

Baeking from the United States and Canada would strengthen Yeltsin's hand when he travels next month to Munich, Germany, to meet with leaders of the seven richest democracies to tie down the Western credits and aid.

On arriving in Ottawa, the

Russian president had warm words for his Canadian hosts, saying they were "sincere and reliable partners."

But, echoing his message to American business and government leaders earlier in the week, Yeltsin told his hosts that Canadian industry "should have more courage and begin practical exploration of the Russian market."

Yeltsin and his wife dined Thursday night with Mulroney and his wife, spokesmen said. In addition to meeting Mulroney Friday, Yeltsin was addressing a joint session of Parliament and meeting the news media before attending an official luncheon at the National Gallery of Art.

Later, he was to visit a communications research laboratory and meet with the leaders of the two main opposition political parties. The Russian president was to visit Montreal Saturday before heading back to Moscow.

The US share of the promised dollar 24 billion aid package is stuck in the US House of Representatives,

stalled because of American concerns over domestic spending. The Canadian share, dollar 2.4 billion, is mostly in the form of credits for the purchase of Canadian grain.

Shortly after the Soviet collapse last December, Yeltsin visited Canada and signed a five-year, 25 million-ton grain deal with the Canadian Wheat Board estimated to be worth \$3 billion to dollar 5 billion.

But the Russians are running short of cash, complicating deliveries. Many Russian ships are being held in foreign ports because of payment problems, meaning that they cannot travel to Canada to pick up the grain. The problem is forcing Moscow to use some grain credits to charter foreign ships.

The Canadian government also has offered tariff reductions on Russian exports to Canada, agricultural project financing and an extension of a dollar 100 million line of credit through the Export Development Corp to help pay for Russian purchases of Canadian products.

Indian tea prices turn dearer

CALCUTTA, June 20: Against good demand, the prices of all categories of tea firmed up this week with good teas fetching dearer prices, according to market reports available, says PTI.

In the CTC tea section, good and better medium teas were dearer by Rs one to Rs two while the remainder were irregular around last levels. The Russians operated upto Rs 43.

Selected improved liquoring of whole leaf grades of Darjeeling teas appreciated in value with good enquiry from the German and continent buyers for brighter teas.

All clean orthodox tea sold at fully firm rates while stalky and poor leaf varieties were lower. The Russians were active and there was selective support from Iran and Middle East buyers.

Best varieties of dust tea including secondaries were fully firm to dearer.

China, US reach accord on prisoner-made good

BEIJING, 20: China and the United States have reached a preliminary agreement on prohibiting trade in goods made by prison labour, a major irritant in both trade and political relations between Washington and Beijing, reports Reuters.

A US Embassy spokeswoman in Beijing said on Friday the draft memorandum of understanding marked "a major step toward final agreement."

"The draft must now be approved by both governments before it can be signed and implemented," she said.

The United States negotiating team was led by Assistant Secretary of State Sandra Kristoff and included US Embassy personnel.

The Chinese team included officials from the Ministries of Foreign Affairs, Foreign Economic Relations and Trade, and Justice.

A Chinese Foreign Ministry spokeswoman declined to

comment directly on the American statement.

She did indicate, however, that Beijing had not agreed to allow US officials or others access to Chinese prison labour camps.

Allegations that China has used its vast network of prison labour camps to boost its trade surplus with the United States have dogged US President George Bush's efforts to maintain his policy of "constructive engagement" with Beijing.

China's US trade surplus reached US \$12.8 billion US dollar in 1991 — the second largest in the world after Japan, according to US data.

Beijing has repeatedly said it prohibits the export of prison-made goods, and that officials who attempt to sell them overseas will be punished.

Gross National Product (GNP) growth reached 11 per cent in the first five months of this year, compared with an official target of six per cent



CAIRO: Some of the 528 mummies which have been uncovered by "pure chance" in an obscure part of the Faculty of Medicine at Cairo University June 18. These mummies were transferred from the Egyptian Museum in the 1940's by a researcher who wanted to discover "the secret of mummification". The mummies include three queens of the sixth dynasty and four kings dating from between 2600 and 850 BC.

Stock scam fallout continues

Second Indian bank closed

NEW DELHI, June 20: A second Indian bank was closed Friday in the fallout of the one-billion-dollar Bombay stock market scam, the Press Trust of India (PTI) said, reports AP.

The Reserve Bank of India (RBI) announced in Bombay that the Metropolitan Bank Limited, based in Bombay had been ordered liquidated, PTI said.

The Metropolitan Bank was found to have issued fraudulent bank receipts amounting to 13 billion rupee (433 million dollar) in the scam. Its total working capital was less than 80 million rupee (2.6 million dollar).

The government accuses a banker-broker nexus with siphoning off government bonds to play the markets during a recent stock market boom.

The first bank shut down in the scandal was the Bank of Karad, which faced a similar charge.

Meanwhile, Mehta's lawyer said Friday that his client

acted within the law when he used loopholes to play the stock markets with millions of dollar of government bonds diverted from banks.

A Reuters report adds: The Reserve Bank of India (RBI) insists that Australia and New Zealand Banking Group Ltd (ANZ, AX) unit ANZ Grindlays plc make a provision of five billion rupee to cover possible losses from exposure to the Indian securities scandal, a senior RBI official said.

"There has been no change in our stand," the official told Reuters by telephone from Bombay.

ANZ has denied involvement in the 30 billion rupee scandal, the country's worst, and disputed the central bank's directive.

The official said Bob Edgar, ANZ's chief executive officer in India, on Wednesday met RBI deputy governor R Janakiraman, who is conducting a probe into the bank's involvement in the scandal.

The RBI had asked ANZ and

the State Bank of India (SBI) to make provisions to cover possible losses in securities transactions with the National Housing Bank (NHB), a central bank subsidiary.

The RBI's directive was aimed at recovering money NHB paid through two cheques which the central banks said went into the account of "Big Bull" broker Harshad Mehta, who is at the centre of the scandal.

Standard Chartered plc (STCH, L) made a provision of 50 million sterling to cover its possible losses against an RBI estimate of 376 million US dollar as the bank's exposure in the scandal.

Newspapers Saturday noted the move came on the eve of a visit by Indian Prime Minister PV Narasimha Rao to Japan where he is hoping to win approval for quick disbursement of a 500 million dollar loan.

Tokyo is India's largest aid donor, but investments have only started to pick up in the past year.

"Batman Returns"

LOS ANGELES, June 20: Warner Bros said the premiers of "Batman Returns" took in more than dollar 2 million nationwide, reports AP.

Many theaters reported sold-out houses Friday, and audience reaction was mostly positive.

The dollar 55 million film debuted Thursday in late-night screenings in 1,256 theaters. It was expected to show in about 2,600 domestic locations over the weekend.

Industry expectations placed the movie's first weekend around dollar 34 million.

Warner Bros said the movie grossed just over dollar 2 million in Thursday's late-night showings, slightly less than the dollar 2.2 million that "Batman" made in late-night Thursday screenings in 1989.

The first "Batman" in 1989 made dollar 40.5 million in its first weekend, still the record for a movie opening. Michael Keaton reprises his role as the masked crime fighter.

Malay, Uzbek accord on economy, culture

KUALA LUMPUR, June 20: Malaysia and Uzbekistan Saturday signed two agreements to cement bilateral economic and cultural ties that Kuala Lumpur said could help it reach into other Central Asian states, reports AP.

The signing followed talks between Prime Minister Mahathir Mohamad and Uzbekistan President Islam Karimov who arrived here Friday for the first visit by a Central Asian head of state to the region after the collapse of the Soviet Union.

The pacts were signed by Malaysian Foreign Minister Abdullah Ahmad Badawi and his Uzbekistan counterpart Oubaidoulla Abdurazakov.

Abdullah said President Karimov's four-day high-powered visit underscored the importance the Central Asian state attached to establishing ties with this region.

He said the two leaders discussed how Malaysia could help Uzbekistan develop its

mineral, oil and gas sectors. Uzbekistan specially sought Kuala Lumpur's help in developing its banking industry.

"Malaysia's ties with Uzbekistan will help us reach into other Central Asian states," Abdullah said.

Karimov said at a state banquet Friday night that he hoped his visit would serve to fill Uzbek's consumer market with Malaysian commodities, machinery and equipment.

"We hope to know Malaysians better and enjoy its rich culture and ancient traditions. The most important thing for us is to learn from its rich experience in improving its economy and implement its best achievement," Karimov said.

Malaysian King Azlan Shah, who hosted the banquet honouring the visit, said Malaysia fully supported the economic and political renewal of the newly independent nations of Central Asia.

Bush wants GATT agreement before G-7 summit

IRVINE (California), June 20: President George Bush said Friday he wanted to conclude a GATT agreement before next month's summit of industrialised nations, and was pressuring European countries to call a ministerial-level meeting and adopt a common stance on agriculture, reports AFP.

Speaking to business executives during a campaign stop here, Bush expressed hope that a dispute between the European Community and the United States over agricultural subsidies — the main obstacle to a GATT agreement — could be resolved before he and other leaders of the Group of Seven industrialised nations meet July 6-8 in Munich.

"We're pushing to get it done, certainly to get it all done before I go to Munich for the G-7 meeting," said Bush.

"I'm now pressing for an EC ministerial before the Munich summit," he said.

A senior US official said Bush wanted a common European response to a US proposal put forth May 27 when senior EC officials visited Washington. "We'd like to see the EC get back to us," the official said.

The Europeans are resisting US demands for elimination of agricultural subsidies.

"I believe we'll get a deal, the question is how soon," said Bush. "I can't predict to you that GATT will be concluded before the G-7 meet in Munich

IBM, Toshiba join hands to develop new memory chips

TOKYO, June 20: Giant US computer maker International Business Machines Corp (IBM) and Toshiba Corp of Japan have agreed in principle to jointly develop flash memory, considered a new-generation semiconductor chip, newspapers reported on Saturday, says Reuters.

The daily Yomiuri Shimbun, quoting unnamed sources, said the two firms would jointly develop a memory device incorporating flash memory, which is a rewrite-capable, read-only chip with advanced capabilities.

A small-size, lightweight memory device using flash memory would be the heart of a new generation computer, it said.

Both firms will sign a formal contract as early as next month and aim at making a practical version of the chip by the end of this year, Yomiuri said.

Estonia introduces own currency

TALLINN (Estonia), June 20: Estonia on Saturday became the first former Soviet republic to cast off the rouble and introduce its own national currency, the kroon, reports AP.

In a holiday atmosphere, Estonians gathered at distribution points throughout the country to receive the first allotments of brand-new kroons, now the country's only legal tender.

The Estonian government hopes the move will give Estonians a stronger sense of their freedom, nine months after winning independence from the Soviet Union, which annexed the country during World War II.

Outside Distribution Point NO 19 in Tallinn, beaming Helga Kulgeve — one of the first to receive the new money — showed off her new bills.

"I am very excited, this is a very happy day for Estonia," she said. "This shows that Estonians didn't just talk about introducing a new currency, they really did it."

Moscow police arrests one for taking bribe

MOSCOW, June 20: Police arrested a Moscow politician for taking a one million-rouble (8,333 dollar) bribe to extend the lease on a city-owned office building, Itar-Tass reported Friday, according to AP.

Police also confiscated a gun the politician was not licensed to carry, the news agency said.

Itar-Tass did not identify the man except to say he represented the city's Sevastopol district and was arrested Thursday.

Police last month arrested another Moscow politician and charged him with accepting a 500,000 rouble (4,166 dollar) bribe to rezone land in his district to build a supermarket.

High stakes - yet foreign investors bewitched

MOSCOW, June 20: Taxes are soaring, the rouble is sinking and no one is certain who owns what in the former Soviet Union, yet many foreign businesses remain bewitched by the prospect of tapping into its huge uncharted market, writes AP.

Even before Boris N Yeltsin, the Russian President, urged businessmen in Washington to act quickly, Americans were knocking at the door. The continuing interest has confounded even seasoned investment advisers in Moscow.

"We've not seen any abatement," said Carol Patterson of Baker McKenzie, a US law firm.

Foreign investors "are so enticed by the size of the market, and by the entreaties of potential Russian investors who want to do business, that they consider it worthwhile investing," Patterson said.

Russia and the rest of the former Soviet Union have 289 million people eager for Western goods, a highly literate, potentially cheap labour force and vast reserves of oil, gas, coal, timber, gems and precious metals.

Drawbacks abound, however. The rouble is non-convertible and nearly worthless, workers need retraining after 74 years of a command economy and many of the natural resources are difficult to retrieve and bring to market.

"We are seeing people concluding deals here, but they still are concerned about the

level of taxation and about the uncertainty," said Stuart Thom, Director of Business Development for Ernst and Young, financial consultants.

New barriers to foreign investment seem to arise daily.

Lawrence Eagleburger, Deputy US Secretary of State, said in a speech in Moscow that unpredictable tax and economic policies were "severely, if not fatally," hampering dealings with US companies.

In Washington last week, Yeltsin said his government was trying to correct that. He and President Bush signed a treaty to make it easier for US companies to invest in Russia and to pave the way for more joint ventures.

"We are inviting the private sector of the United States to invest in the unique and untapped Russian market," Yeltsin told Congress. "And I am saying: Do not be late."

Discouragement to doing business in Russia include: A new 60 per cent tax on worldwide personal income that applies to everyone, including foreigners. The government is considering reducing it to 30 per cent because of threats by some companies to pull out.

A 28 per cent value added tax, a form of sales tax, which many foreign businesses refuse to collect.

Uncertainty over who owns land and enterprises. Nezavisimaya Gazeta (Independent Newspaper) has reported that Yeltsin drafted a decree to bar or limit foreign investment in a wide range of areas, from real estate to the mass media, banking, insurance and telecommunications.

Lack of a sound banking system and bankruptcy and insurance laws. Many foreign businesses lost heavily when the Soviet foreign trade bank went bankrupt last year.

Eagleburger noted that the former Soviet Union owed more than 190 million dollar to American companies.

Uncertainty over whether the government will make the rouble convertible this summer. The high cost of doing business. A recent survey rated Moscow as the 13th most expensive city in the world. Foreigners pay hundreds of times as much for plane tickets and hotels as Russians.

Annual commercial rents of 600 dollar to 700 dollar per square yard (metre) are roughly equal to those in Tokyo and about double the New York rate, said Michael Oster of Oster and Co, real estate consultants.

General economic and political instability, ranging from rampant inflation to frequent Cabinet changes and Yeltsin's highly publicized comments that he will not be bullied by the

International Monetary Fund.

So, why are foreigners still so interested? Thom said many companies are looking for new markets because of the recession in North America. Others hope to take advantage of projects launched by the IMF, World Bank and European Bank for reconstruction and development.

Kim Getto of PIBN, a public relations agency based in San Francisco, said he was encouraged by the recent improvement of working conditions in Moscow.

More long distance telephone lines have been installed and a Western-style bank has opened, which means foreigners no longer have to carry suitcases full of cash into the country to do business.

"Ever since Perestroika and the end of the Cold War... American companies have felt they could come into this country," Thom said. "Because of the recession in the states, companies are being forced to look abroad more actively."

He and Patterson said telecommunications and energy companies show the most interest. "The larger companies have deep pockets and they are not going to earn profits for a while," said Oster, the real estate consultant. "They are in an investment phase."