### Russia to replace old reactors

MOSCOW, June 29: Russia its atomic energy sector, stressing safety was its main priority following the world's worst nuclear disaster at Chernobyl just over six years ago, reports Reuter.

But officials said plans to replace some of the country's oldest reactors could be hampered by a lack of funds.

Russia has nine nuclear power stations with 28 reactors, 11 of which are the same kind as the one which ex-Chernobyl power station in

### Japan's auto export declines by 3.5 pc

TOKYO, June 29 : Japan's motor vehicle exports in May totalled 403,925, down 3.5 per cent from a year earlier and down 9.3 per cent from the previous month, reports Xinhua.

However, the May exports were valued at 5,657.39 million US dollar up 5.8 per cent from a year earlier, Kyodo quotes the Japan Automobile Manufacturers' Association as

The decline in May is the second straight monthly decrease, the association said.

### US firm to search gold in Algeria

ALGIERS, June 29 : Algeria and the US firm Black Hole Technologies have signed a protocol agreement which could open up goldfields in the North African country, the official news agency APS said on Sunday, reports Reuter.

The US company heads a consortium of American and Canadian mining firms, the agency said, adding that under the accord they would provide Algeria with technology infor-

### Beijing resumes Hanoi flights

BEIJING, June 29: China resumed commercial flights Sunday from Beijing to Hanoi after a 13-year break, the official Xinhua News Agency said,

reports AP. A Chinese jet arrived in Hanoi after a 3 1/2-hour flight that included a stop in Nanning in southern China, Xinhua said. China plans to operate the round trip service

every Sunday. Flights were halted in 1979 when the two countries fought a brief border war. They restored normal relations last

### Malayan police nab foreign imposters

KUALA LUMPUR, June 29: Police have smashed an international syndicate that specialized in cheating banks in Singapore, the Philippines, Hong Kong and Malaysia, an officer said Sunday, reports AP. A Pakistani and a Filipino, believed to be the masterminds, were arrested Saturday in Johore Bahru, 300 kilometres (180 miles) south of Kuala Lumpur, Criminal Investigation Chief Clive Howell said.

The Filipino, 35, and the Pakistani, 25, were trying to cheat a bank there out of 139,000 Australian dollar (105,000 US dollar) the national news agency Bernama quoted Howell as telling a news conference.

### US executives body found

NEWARK (NJ), June 29: A body found in a rugged forest preserve in southern New Jersey was identified Sunday as that of Sidney J. Reso, the Exxon executive who vanished after leaving his home two

months ago, reports AP. FBI special agent Gary Penrith provided a positive identification at a news con-

#### ference Sunday morning. China's budget shows record gap

BEIJING, June 28: China's budget deficit hit a record 20.26 billion yuan 3,7 billion dollar in 1991, the government reported Saturday, according to AP.

Finance Minister Wang Bingqian blamed the overspending on the cost of heavy summer flooding and on in vestment in the state grain reserve and key construction projects, the official Xinhua News Agency reported.

### SAARC meet on trade agreement

COLOMBO, June 29.: Officials from seven South Asian nations began a two-day meet ing to work towards establish ing a preferential trade agreement within the region, reports Reuter.

"We must seriously consider why our countries should not procure most of our required imports from within our own regional sources,", said Sri Lankan Trade and Commerce Minister A R Munsoor

# Foreign direct investment and the least developed countries of the ESCAP region

In recent years, the least unveiled plans to modernisc developed countries have been looking to foreign direct investment (FDI) as an important means of facilitating their economic development. Such investment could serve as a vehicle for enhanced capital formation, the transfer of technology, and the promotion of exports and employment in their economies. In order to create a favourable environprocedures, easing ownership restrictions, reduction of taxes, and relaxation of restrictions on repatriation of profits. Other countries such as Maldives, Samoa and Vanuatu continued to pursue

> past during the 1980s. In spite of the very substantial change in policies to attract foreign investment, FDI flows in many ESCAP least developed countries have remained insignificant. Available data indicate that FDI inflows have been of some significance only in Bangladesh, Maldives

economies, has tended to dccline in recent years. notwithstanding policy liberal

reported data indicate that the least developed countries received only around 0.1 per cent of total FDI flows coming into the developing ESCAP region in recent years.

Given that these countries

countries of the ESCAP region (Millions of US dollars)							
Countries	1984	1985	1986	1987	1988	1989	1990
Afghanistan			-	ine	***	7 447	-
Bangladesh	-0.6	460	2.4	3.2	1.8	0.2	3.3
Bhutan	***	-		***		-	C2000
Kiribati	-	440	100	No.	-	1944	72
Lao People's				- 4			
Democratic Republic <sup>b</sup>	-	-1.6		-			1.00
Maldivesa	\$7750 984.0	1700000 18800	2.2	3.2	3.8	3.1	3.2
Myanmarb	0.8	100	0.3	940	1	1 22	125
Nepalb	0.9	0.6	1.0	0.2	120		100
eb	0.155		0.0	17.50			-

Foreign direct investment flows to least developed

Vanuatu 2.0 12.9 10.8 13.2 a International Monetary Fund, International Financial Statistics, vol. XLIV, No. 12 (December 1991). b. United Nations Centre on Transnational Corporations database

lation to the size of its economy, which reflected the country's efforts to develop a financial centre on its shore and cattle farming for meat export, inflow into other least developed countries remained insignificant and erratic. Some countries, such as the Lao People's Democratic Republic and Samoa, seem to have experienced net outflows. The

(based on national sources).

Tuvalu

ceived substantial inflow in re- have drastically changed their attitude in favour of FDI, such results are disappointing. The finding suggests that liberalizing policies towards FDI and offering incentives to foreign investors are a necessary but not a sufficient condition for attracting FDI. The state of general economic conditions, physical infrastructure, human resources, and the political climate are important factors

(Continued overleaf)

in determine where transna tional corporations make their investments. These conditions have not been generally conducive to investment in the

lation (except Bangladesh and Myanmar) coupled with low income levels, the domestic markets of the least developed countries of the ESCAP region are often too small to attract an inflow of private investment. Moreover, the physical infrastructure including power supply, lelecommunications and transport, which are vitally important factors in transna tional corporations' decision to invest, are often inadequate in the least developed countries. Most of these countries are also disadvantaged in terms of human resources development (see box 1.10). There is a dearth of educated manpower and an acute shortage of advanced managerial, accounting and technical skills. Finally, prospective investors tend to have a perception of higher political risks in investing in the least developed countries. In order to be able to attract foreign direct investment in the least developed countries these conditions would have to improve. Meanwhile their policies may have to be more focused and targeted to the attracting of foreign direct investment in particular sectors where they have a comparative advantage, rather than offering general and random incentives. ESCAP study-1991

# China approves \$1b jt-venture project to

29: The Chinese government has given final approval to a one billion dollar contract for McDonnell Douglas and a China corporation to co-produce 40 commercial jetliners, the aerospace company announced Sunday, reports AP.

The new contract is the largest co-production agreement between a US corporation and China and continues the working relationship between China and the US acrospace giant.

McDonnell Douglas and China National Aero Technology Import and Export Corp will produce 20 147-seat MD-80 and 20 158-seat MD-90 twin jets for use by Chinese

jetliners will be manufactured in China, including nose sections, McDonnell Douglas said Assembly will be done by Shanghai Aviation Industrial Corp with participation from other aircraft factories in China.

Douglas Aircraft Co. based

this contest against very tough competition," Douglas Aircraft Co President Robert H Hood our market share in Asia, the new agreement gives an important boost to our twin-jet programmes, with resultant benefits to our employees and suppliers."

# Contraceptive use cuts fertility rates

GENEVA, June-29: A UN report published on Wednesday shows a sharp drop in Third World fertility rates in the last 20 years due to a significant increase in the use of

The World Health Organisa tion report shows that whereas 20 years ago women in the developing world had an average of 6.1 children, they now have just 3.9.

To point out how rapidly changes have occurred, the report says that while the fertility rate in the United States took 58 years to fall from 6.5 to 3.5, the same drop took 15 years in Colombia, eight years in Thailand and only seven

years in China. But it says the decline in fertility rates has not been even, with the steepest fall occurring in East Asia, including China, and the smallest in Africa.

Judging by the number of births, at least 100 million couples worldwide are reckoned to have intercourse each

This leads to almost a million conceptions and 150,000 subsequent abortions.

"I think it might be an under-estimation ... it is not the outcome of a survey we have carried worldwide to find out how much fun is going on in the world," Dr Mahmoud Fathalla, Director of the WHO's Reproductive Health Programme, told a news confer-

According to the report,

entitled "Reproductive Health: Key to a Brighter Future", an

average of 910,000 women conceive each day. it says 150,000 abortions are induced daily, some in unsafe conditions. Five hundred women die because of them. Complications of pregnancy

The 180-page study is being billed by the UN body as "the most comprehensive report ever compiled on global re-

and childbirth cause the

deaths of 500,000 women a

productive health." Generally the message is a positive one -- with increased contraceptive use seen encouraging overall reproductive

The number of married women of reproductive age in the developing world using contraception has risen tenfold in the past 25 years to 380 million.

"We consider fertility regulation is a basic component of reproductive health," Fathalla

The report says the most common method of contraception is female sterilisation. followed by the intrauterine device or coil, the pill, con-

doms and male sterilisation. WHO estimates that overall, 60 per cent of people in the developing world have easy access to at least one modern method of contraception, meaning they can obtain supplies without spending more than one per cent of their monthly wages.

# Asian units gain against dollar

HONG KONG, June 29: Most Asian currencies gained during the week or halted their slides against the greenback following the release of US data indicating a poor economic performance, reports

The Taiwan and Singapore dollar reached record highs while the Japanese currency broke the 125-yen level for the first time in four months.

The South Korean won also strengthened to stop its downhill slide, though analysts expect it to sink further against the US dollar.

The Australian unit was the only Asian currency to lose ground against the US dollar and was expected to remain weak in the short term. The Indonesian rupiah was unchanged from a week earlier.

Japanese yen: The yen overcame a weak start and soared against the US dollar in tandem with other key currencies to close the week at 125.60 yen to the dollar, up from 126.92 yen a week ear-

It was the first time in four and a half months that it reached the 125 yen level, while the US unit was sold amid growing prospects of US monetary authorities lowering interest rates to pump up the

Shares fall,

dollar weaken

in Tokyo

change continued to fall mod-

Average lost 90.93 points, or

0.57 per cent, closing the

morning session at 15,721.80

On Friday, the Nikkei lost

330.99 points, or 2.05 per

The Tokyo Stock Price in-

dex of all issues listed on the

first section shed 8.25 points,

or 0.67 per cent, to 1,223.20.

The TOPIX declined 17.05

points, or 1.36 per cent on

TOKYO, June 29: Share

The yen opened the week lower at 127.21 yen and hit a low of 127.55 yen Monday. It steadily recovered ground for the rest of the week to reach a high of 125.21 yen Friday.

Australian dollar: The Australian dollar finished the week lower on the back of lower commodity prices and continued speculation of a further cut in interest rates, dealers said.

> The Australian dollar finished at 75.0 US cent against 75.5 US cent the previous Friday. Economic analysts said continued weakness is ex-

pected in the short term. On the reserve (central) bank's trade-weighted index. which measures the dollar against a basket of major trading currencies, the unit fell to 55.3 from 56.0 the previous

South Korean won: The worr stopped its lengthy slide against the US dollar and strengthened to trade at 790.20 per dollar Saturday against 791.40 won a week

But an economic research institute forecast that the local currency would continue to devaluate to 830 won to the dollar by the end of the year. due largely to a growing trade

Taiwan dollar: The Taiwan dollar advanced to close at a record high of 24.645 to the US dollar, up 8.4 Taiwan cent from the previous week's finish of 24.729.

After opening Monday at 24.7425, the local unit steadily picked up steam in strong trading, boosted by high interest rates, dealers said.

Singapore dollar: The Singapore dollar hit a new high against the US dollar at an exchange rate of 1.6180 Friday, up from 1.6230 a week earlier.

Most dealers expected the local unit to drift lower in the next few weeks as US economic data indicated sluggish performance.

The OCBC trade-weighted index for the Singapore dollar stood at 135.66, down from last Friday's 135.98. The index is calculated against the currencies of Singapore's top 12 trade partners.

New Zealand dollar: The New Zealand dollar ended the week worth 54.51 US cent, a slight gain on the previous week's close of 54.42 cents. With the government's bud-

get due Thursday, trading has been cautious and volume low. The dollar seemed likely to continue trading in the range

where it has remained for

some time; from 54.30 cent to

54.80 cent. Hong Kong dollar: The Hong Kong dollar closed weaker Friday against most major currencies, except the US and Australian dollar.

The local unit opened and closed at 7.7305-7.7315 to the US dollar, stronger than the previous finish of 7.7315-7.7325. The effective exchange rate index for the Hong Kong dollar was 110.4, down 0.5 points from a week earlier.

The local unit has been officially pegged at around 7.80 to the dollar since October 1983 Malaysian ringgit The ringgit finished the week higher

against the US dollar, gaining 70 points to close at 2.5085 against the Greenback. Dealers said the ringgit was likely to sustain its current value. But sharp gains were not

expected as the US dollar could bottom out and recover, one dealer said. Indonesian rupiah: The Indonesian currency closed Friday at 2,031 rupiah to the US dollar, unchanged from the

previous week's finish. Thai baht: The Thai currency closed at a mid-rate of 25.31 baht to the US dollar, against 25.39 baht a week ear-

Philippine peso: The Philippine peso strengthened to close at 25.584 peso to the US dollar Friday, up from 25.90 peso the previous week, due to continuing poor demand for dollar.

## UAE banks urged to attain efficiency

ABU DHABI, June 29; United Arab Emirates (UAE) banks have been urged to cut loans, upgrade services and increase capital to face growing world competition, reports

Outlining the central bank's future policy, new board chairman Mohammad Eid al-Meraikhi also said UAE financial authorities would work for greater coordination with other Gulf Cooperation Council (GCC) states.

"Banking and monetary integration among GCC countries have become imperative to face the new changes and concepts that have entered the world financial markets," he said in his first statement since he was named early this

The statement, telexed to AFP on Saturday, made no reference to plans to allow offshore banks to operate in the

But a central bank official said the project, which was approved in 1991, was still under study and could materialise next year. "We do not want to rush in such a decision because as you know the UAE is already overbanked," he said, declining to be named.

## US for liberalisation of S Korean market with Scoul's Yukong Oil, is SEOUL, June 29 : US offi-

cials are demanding South Korea promptly liberalise its financial markets to ensure a better business partnership, but Scoul deregulation should be gradual to avoid destabilising the economy, reports AFP

David Roderick, head of the US delegation at an annual Korea -US business conference in Seoul last week, argued that South Korea has achieved political democracy but not "economic democracy." He argued that too many

still made by the central government, including allocation capital, setting interest rates and resisting outside financing. "All this must change if South Korea is to remain a world-class export-driven

Shortage of capital is a serious problem and will likely reach crisis proportions in the

economy," he said in a presen-

near future, he said. He warned that the lack of capital and tight credit would likely prompt some foreign companies to leave South Korea and would make it difficult for South Korea to attract new foreign businesses.

Arco Chemical Co., which set up a 90 billion won (115 million dollar) joint venture

pulling out of South Korea because of a bad financial climate including restrictions, inability to refinance maturing debt and high interest rates, according to US Ambassador to South

Gregg said it was imperative the two countries begin talking about the need for less

In August, South Korea's Finance Ministry announced a four-stage interest rate deregulation plan, Seoul officials recalled.

now under way focuses on short-term loans and deposits, while the second stage, to be implemented by the end of next year, will deregulate deposits of over two years and

90 per cent of interest rates will have been completely liberalised, officials said.

The ministry announced in March a three-stage blueprint of a financial liberalisation programme following a series of talks with US treasury officials who were later known to have complained the programme was "too slow."

# C. American states move to forge larger trading unit

prices on the Tokyo Stock Ex-GUATEMALA CITY, June erately Monday morning, while 28: Central America is moving the US dollar moved lower toward creating an economic from its opening level, reports bloc of its own to compete with the world's other trade groups and profit from re-The 225-issue Nikkei Stock

gional peace, reports AP. "We must form a bloc or we are going to be dead economically," said Sonia Maria Gonzalez, who works for the Guatemalan government to attract investment. "You can't have Asian countries together, and European countries together, and then have this tiny country of Guatemala with only nine million people."

Central American nations hope a large trading unit will

give them clout with big ones like the European Community and the proposed North American Free Trade Ass ociation of the United States, Canada and Mexico.

Another advantage would be to ease internal distribution of such local wares as Costa Rican dairy products, Salvadoran plastics and Guatemalan rubber, pharmaceuticals, glass and electrical appliances.

The region exports coffee, sugar, cotton, tobacco and seafood. It imports virtually all of its oil, automotive parts, heavy machinery and advanced technology. A Central American Common Market was established in 1963, but became mired in political and economic problems and had fallen apart by the late 1970s.

"What is different now is that we're all talking the same language," said Juan Luis Miron, Guatemala's economy minister. "We're all talking about free enterprise."

"In the 1960s, we were talking about an extreme left and an extreme right. We had pro-Americans and pro-Russians. Now, we have the same ideological positions and the same way to doing busi-

## Watermelon museum!

BEIJING, June 29: China has opened a museum in praise of one of its favourite summer fruits - the watermelon, reports Reuter.

The museum, which opened on Sunday in Daxing county near Beijing, is dedicated to the history of the watermelon and the customs and traditions surrounding it from ancient times.

The institution has also collected all the odes to the melon from ancient poets and a 41-kg (90-pound) monster example, the Beijing Daily said Monday. Daxing is one of the main

wholesale markets for the melon, Beijingers' favourite summer fruit.

# Malaysia ranks fourth among NICs

Nepal announces plans to

KUALA LUMPUR, June 29 Malaysia has moved up to fourth place among Newly Industrialised Countries (NIC's) in terms of competi tiveness, trade officials quoted a world competitiveness report as saying, reports AFP.

Malaysia, which moved up from fifth place, ranks behind Singapore, Taiwan and Hong Kong, but ahead of South Korea, Thailand, Mexico and Indonesia, according to a Trade Ministry statement issued here late Saturday.

On "prospects in the foresceable future," Malaysia ranks third behind Singapore and Hong Kong, the ministry said.

These rankings by the world competitiveness report,

prepared by the Geneva-based Institute for International Management Development and the World Economic Forum, reflected international confidence in Malaysia's Economic

impact of 34 industrialised and newly industrialised countries on the world economy.

Several factors such as government, domestic economic strength, infrastructure, management and human resources were used to evaluate each country's competitiveness, it

The second, at Diagama, some 24 kilometers from Colombo, began in 1986.

# Chinese workers hurt by reform, go on rampage

laid off for repeated absence for China's 140 million factory from the job hacked his boss workers. in the face with an axe. A security guard dismissed from a bank set fire to his boss's

These and other incidents reported in the state-run media illustrate one of the traumatic results of the Communist government's attempt to break the "iron rice bowl", as the tradition of lifetime employment is known, writes AP.

For businessmen and local officials, the reform campaign begun earlier this year by senior leader Deng Xiaoping offers new opportunities for economic development. They hope to match the But reform has a dark side

With government approval, factories require employees to sign contracts linking pay to job performance, and threaten to fire or reduce the pay of those who do poor work. Most factories have more

some are considering layoffs. Debt-ridden companies that are not close are being merged with successful ones. Chen Jinhua, director of the State Commission for Restructuring the Economy, said

workers than they need, and

three million people may lose their jobs this year. Much more than jobs is at stake because employers generally provide housing, medical care and education for their

workers' children. Disgruntled employees have no independent unions to defend their interests, and are

finding destructive ways to express their anger.

former boss's house ablaze, several family members were seriously injured. Cao was sentenced to death and the Legal Daily applauded the sentence as necessary to protect those who heed the call for bold re-

There will be others who "resort to violent treachery against reformists," the paper warned. "It is absolutely essential that we don't lower our guard against this."

Wang Zhongli, who hacked his boss with an axe, is awaiting trial in central Shanxi province. The Shanxi Daily, which reported the case, gave no information on the extent of the victim's wounds. Two discontented workers

at a machinery factory in the

southwestern city of Chong-

ging were arrested for

damaging 117 motorcycles intended for export, the People's When Cao Weihua set his Public Security News reported. Some factory workers in Beijing say they have heard of

illegal strikes in other cities, including Tianjin, about 60 miles (95 kilometers) east of the capital. Official media have not reported any strikes. Han, Dongfang, a former railway worker who founded a short-lived independent labour union in 1989, foresees more

employers. "China's reform will definitely result in even more violations of the rights and interests of workers, and the existing labour union can't protect them," Han said.

China allows only statecontrolled labour unions, united in the All-China Federation of Trade Unions. Federation officials refused to

be interviewed. "Individuals have no ability to deal with their superiors, Han said. "All he has left is his

individual action, through violent actions." The Beijing Workers Autonomous Federation, which Han founded in May 1989, was banned a few weeks later dur-

ing the crackdown on the

Tiananmen Square democracy movement. Wang Hailong, 24, works at the Xuehua Refrigerator Facviolence unless workers get tory in Beijing. The plant is help in resolving disputes with doing well and Wang is considered a good worker, but he said even they have some con-

> We don't feel confident that the leaders will have to fulfill their part of the con-"In other countries, like the

Manesh Lal Pradhan for India to liberalise trade with Nepal. United States, you can go to court if your employer doesn't do what he is supposed to do. But we can't do that here."

#### boost foreign investment KATHMANDU, June 29 India to liberalise its trade with us apart from signing re-Nepali Prime Minister Girija formed .trade and transit Prasad Koirala Sunday antreaties," the Prime Minister nounced plans for economic reform to aid foreign invest-He appealed to India to al-

ment and called for new trade agreements with neighbouring India, reports AFP, Speaking at the 26th annual meeting of the Federation of Nepal Chambers of Commerce and Industry (FNCCI), Koirala

said new laws would "guarantee against the nationalisation of any industries set up in the country and would "encourage foreign entrepreneurs to invest in the industrial sector." Koirala said he supported a call by FNCCI president

In his speech to the conference, the FNCCI president

urged the government to reform the banking system to help businessmen.

low Nepal to boost its exports

and improve its trade balance,

adding that he hoped the is-

sues could be settled during a

visit by Prime Minister PV

ernment planned to make the

Nepali rupee fully convertible

Koirala also said his gov-

Narasimha Rao in October.

soon to boost exports.

He also called for the re-"I fully endorse the sentiduction of tariffs to lower inment expressed by the FNCCI flation and the cost of raw mapresident about the need for terials.

rapid growth of the mid-1980s by shutting down state companies that bleed the treasury and by making the remaining enterprises more efficient.

ment for FDI, the least develloped countries have liberalized their policies substantially. ploded at the Ukrainian Countries such as Afghanistan, Bangladesh, the Lao People's Democratic Republic, Myanmar and Nepal adopted major liberalization measures during the 1980s. They have provided generous fiscal and other incentives and eliminated many restrictions on FDI under their recently adopted codes. These measures include simplification of authorization

their liberal policies of the

and Vanuatu. Inflow to Bangladesh, the largest of the region's least developed izations. While Vanuatu has re-

least developed countries. Owing to their small popu

# build jetliners LONG BEACH (Calif), June

contraceptives, reports Reuter

commercial airlines. Many of the parts for the

in Long Beach, Calif, will handle certification and quality as-

"We worked hard to win said. "In addition to increasing

Korea Donald Gregg. regulation and more openness.

major economic decisions are The first stage of the plan

> loans of banking and non-banking financial institutions. By the time the third stage is completed in 1996, about

management, the ministry The report analysed the