

BRIEFS

New York stock market closes mixed

NEW YORK, July 1: The stock market ended mixed Tuesday, as a computer-driven "sell" programme pushed down shares shortly before the close, reports AP.

Sentiment that the Federal Reserve might lower interest rates to stimulate the flagging US economic recovery had pushed the market higher throughout the day. The market rose sharply on that sentiment Monday.

The Fed's policy-making Open Market Committee met Tuesday and will meet again on Wednesday. Tuesday's economic data, however, was largely in line with economists' expectations and offered little direction to the market.

Dollar, gold settle mixed

NEW YORK, July 1: The US dollar finished mixed on world currency markets Tuesday, rising overseas but mostly declining in domestic trading following the release of a lukewarm report on consumer confidence, says AP.

Gold prices also fell in domestic trading after rising in foreign markets. On the New York Commodity Exchange, gold bullion for current delivery settled at 343.10 dollar a troy ounce, off 60 cent from Monday. Republic National Bank said gold lost 45 cent an ounce to a late bid price of 343.00 dollar.

Stolen Qurans worth \$3.6m recovered

CAIRO, July 1: Police on Tuesday recovered 13 rare Qurans worth 3.6 million dollar stolen by library employee who planned to sell the Muslim holy books abroad, reports AP.

The employee stole the hand-written Qurans three days ago from the General Egyptian Organisation for Books, the newspaper Al-Ahram reported.

The books are more than 300 years old. Two other books of literature, one of them written in Persian, also were stolen, the newspaper reported.

China okays \$1b for US planes

HONG KONG, July 1: McDonnell Douglas Corp said on Monday that China's State Council (Cabinet) had approved a previously announced deal worth more than US one billion dollar to co-produce 40 extra twin jets, reports Reuter.

Under the agreement 20 MD-80s and 20 MD-90s will be assembled by a joint venture in Shanghai.

Noisy protest against price hike

COLOMBO, July 1: Drivers tooted horns, cyclists rang bells and hundreds of people bellowed in Colombo Wednesday during a noisy anti-government protest, reports AP.

The demonstrations were organized by opposition politicians to protest against the high cost of living, violation of human rights and government's failure to solve the nine-year-old Tamil ethnic war.

Arab Islamic Bank to open in Albania

DHAHRAN (Saudi Arabia), July 1: Bahrain-based Arab Islamic Bank (AIB) is to set up a 100 million dollar joint venture investment bank in Albania, Saudi papers reported on Tuesday, says Reuter.

They said visiting Albanian central bank Governor Ilir Burhan Hoti signed an agreement in Saudi Arabia's Red Sea Port of Jeddah on Monday with AIB to set up the bank where AIB would hold a 40 stake. Albania would control the remainder.

India-France review defence cooperation

LONDON, July 1: The ongoing Indo-French cooperation in the production of defence equipment was reviewed at a meeting between the visiting Defence Minister Sharan Pawar and his French counterpart Pierre Joxe in Paris Tuesday, reports PTI.

After an hour-long official talks Monday morning, the French Defence Minister told newsmen they had discussed problems in each other's region and exchanged views on likely developments.

Inflation continues to fall in Egypt

CAIRO, July 1: Inflation in Egypt's cities dropped for the fourth successive month to 16.3 per cent in May, reports Reuter.

An official report said inflation rose to a peak of 26.1 per cent in January as the government lifted subsidies on many basic goods under a reform programme approved by the International Monetary Fund. But since then, it has been falling.

Rich states using resources of poor nations : Rafsanjani

From Mahfuz Anam

TEHRAN, July 1: President Akbar Hashemi Rafsanjani has hit out at the western countries who, he said, were exploiting the resources of the developing countries, only to enrich themselves.

The rich countries, he said, were following a path of confrontation with the developing countries and did not contribute towards building a just and equitable world. The developing countries are still not given a just price for their raw materials and were used only as markets of finished products from the west.

He said, the Cold War had vitiated international co-operation for more than 40 years and its recent end had raised the hope that developing countries would have a bigger

say in global affairs. But nothing seems to have changed. In the name of building a 'new world order' the worst aspects of the old order were being perpetuated.

The Iranian President was addressing the inaugural session of the ESCAP conference of Ministers of Industries that began here on Sunday. He termed ESCAP's work over the last 40 years as 'not being very fruitful' and called for a critical review of the regional body's work. President Rafsanjani underscored the need for new initiatives in such areas as transfer of technology, protection of environment, human resource development and social and cultural advancement.

The Iranian leader identified skills development as the

key to progress in the developing countries of the region. The brain drain must be reversed and technical and vocational education must be given due importance if industry is to be built, he said.

The western countries should increase their investment in the poor countries because eliminating poverty will ultimately help the rich countries as well by increasing the purchasing power of the latter. But the current thinking in the west is insular and narrow minded, he said. The ESCAP countries must forge stronger links and cooperate more closely in the economic field to attain sustainable growth, he said.

In a message sent on the occasion the Secretary General

of UN Mr. Boutros Boutros Ghali said that the remarkable dynamism for industrial and technological development show in the Asian region has so far remained concentrated in a few economies. Therefore, urgent measures are required to spread the 'development momentum' to other countries of the region using the opportunities created by global and regional trade and investment flows.

A global consensus appears to have emerged on private sector based industrial development strategy. The UN Chief however warned that such a strategy would be successful only through increased public sector investment, human resources development and poverty alleviation programmes.

'Developing states to face hard days'

By Special Correspondent

TEHRAN, July 1: The ESCAP chief, Raficuddin Ahmed, warned the developing countries of Asia-Pacific region to prepare themselves for the difficult times ahead and urged them to be ready to face intense competition for their exports in the regional and international markets.

He was speaking at the roundtable of foreign and local journalists organised in conjunction with the conference of ministers of industries now being held at the Iranian capital.

In a dismal forecast of the likely scenario for the decade of the nineties, Ahmed said that the world output and trade are likely to remain sluggish owing to the protectionist stance of several developed

countries, despite policy adjustments and measures to correct budgetary and balance of payment problems. Trade friction between developed countries is likely to continue resulting in bilateral rather than multilateral solutions to trade problems. In place of greater openness in trade, formation of regional trade blocs may continue.

The ESCAP chief predicted that economic changes in eastern and central Europe will have a very serious impact on developing countries with the industrial investment flows to the developing countries of Asia and the Pacific being reduced in the short run.

The technological gap between developed and developing economies is likely to fur-

ther widen with rapid surge of scientific innovations in the North with continued inability to acquire them in most countries of the South. The liberalisation measures and the restructuring processes now set in motion in many developing countries will result in overall improvement and trade expansion but would have several social costs in the immediate future which the developing countries which could meet only with substantive assistance, likelihood of which appears slim.

In order to face the grim challenges of the decade of the Nineties the ESCAP Chief underscored the importance for the developing countries of making rapid progress in the field of industrial and techno-

logical development. For this he said, first and foremost the domestic policy environment must foster industrial investment and galvanise entrepreneurial capability. In this regard he said, a national consensus on key economic and social issues has to be developed. Such a consensus is imperative for societies which are in transition where institutions are too weak to mediate between competing claims on limited resources.

A stable political and economic framework can be built around such a national consensus with in which investors and consumers can operate with greater confidence and trust, creating stable expectations for growth and technological progress, he said.

Ministers to meet in Jeddah to double IDB fund

MANAMA, July 1: Islamic finance ministers will meet in Jeddah on Saturday to approve a plan to double the paid-up capital of the Islamic Development Bank (IDB) to around six billion dollar, officials said, reports Reuter.

The exact figure and individual contributions would be finalised at the meeting, they added.

Ministers and central bank governors as well as representatives from Islamic states in Asia, Europe and new republics of the former Soviet Union were expected.

Leaders of the Organisation of Islamic Conference (OIC) agreed to provide the additional funds to boost the bank's current capital of 2.6 billion dollar at a summit in Dakar, Senegal last year.

The bank has extended funds exceeding 11 billion dollar since it began operations in 1976.

India may set up precious metal bank

NEW DELHI, July 1: India, having liberalised gold imports, is planning to set up a precious metal bank to mop up the gold holdings of its citizens, a minister said Tuesday, reports AP.

Minister of State for Finance Rameshwar Thakur told a conference on economic liberalisation here that the proposed gold bank was one of several innovative schemes the government was examining to tap private gold.

Indians have been bringing home an average 3,000 kilograms (6,614 pounds) of the metal every week from abroad since gold imports were liberalised in February, Thakur said, but gave no comparable figures from the past.

UK creditors of BCCI won't appeal

LONDON, July 1: A Bank of Credit and Commerce International SA (BCCI CN) Creditors Committee in Britain said it had abandoned plans to appeal against an English high court's judgement that approved a worldwide compensation plan, reports Reuter.

"In view of the possibility that members of the Creditors Committee might be personally liable for costs... the Creditors Committee have... reluctantly instructed their solicitor that they are unable to continue the appeal," the committee said in a statement.

But the way remains open for individual creditors to pursue the appeal, the statement said.

The high court approved the compensation plan backed by BCCI's majority shareholder Abu Dhabi earlier this month, despite the opposition of the majority of the British Creditors Committee.

Tokyo, Seoul to promote technology coop

SEOUL (South Korea), July 1: South Korea and Japan have agreed to set up foundations for technology transfer and other measures to promote industrial cooperation, officials said Wednesday, reports AP.

The Ministry of Foreign Affairs said the "action plan" followed up the agreement between President Roh Tae-woo and Prime Minister Kiichi Miyazawa in January to expand bilateral economic ties.

The agreement, which will be formally signed by the two heads of state soon, was reached in an overnight working-level meeting in Tokyo Tuesday, the ministry said.

IMF okays \$1.66b loan to India

NEW DELHI, July 1: India said the international Monetary Fund (IMF) had approved a 1.6 billion dollar credit of which 647 million will be released this week, says Reuter.

A finance ministry spokesman said the amount was part of a standby credit arrangement India had sought from the IMF last October.

He said the IMF had released the loan after the fund's executive board reviewed India's economic programme for 1991-92 and approved its proposals for 1992-93.

India's foreign aid donors pledged 7.2 billion dollar in new aid last week at a meeting in Paris, 500 million dollar more than last year.

But they stressed the reforms would have to be broadened to include the public and financial sector.

India's 74 billion dollar foreign debt is the fourth highest in the developing world.



TOKYO: Toyota Motors Corp displays June 30 new models of US car maker General Motors as part of Japanese efforts to trim its bilateral trade imbalance. The joint one-month exhibition, the first of its kind between the world's leading car makers, is a contribution to reducing Japan's \$32b trade surplus with the US in automotive products. On display here is a "GM Ultralite", a super light energy saving car unveiled earlier this year at a motor show in Detroit. — AFP photo.

Japan drawing US praise for move to cut trade surplus

WASHINGTON, July 1: Japan is drawing US praise for moving to cut its trade surplus as Prime Minister Kiichi Miyazawa and President Bush meet to discuss economic issues, including aid to the former Soviet Union, reports AP.

Wednesday's talks at the White House and later at the Camp David, presidential retreat give the two leaders a chance to coordinate positions before the summit of seven industrialised democracies in Munich, Germany, next week.

Miyazawa's "official working visit" is being conducted on a

far more low-key basis than Bush's sometimes abrasive trade mission to Tokyo in January. The president was criticized for bringing along corporate executives who angered the Japanese with their contentious statements.

Treasury Secretary Nicholas Brady sounded a positive note Tuesday, praising Japan for taking substantial action to increase domestic growth and reduce its large trade surplus.

Miyazawa's ruling Liberal Democratic Party plans to spend about 48 billion this fall to stimulate the faltering

domestic economy and thus reduce business reliance on exports for profits.

Japan's chronic trade surplus with the United States has shown signs of rising again, and a senior administration official said all the trade issues taken up in Tokyo in January "will be up for review."

The official, briefing reporters on condition of anonymity, said Japan has made progress since then in improving market access for computers and paper, but will be urged to move more quickly to open its semiconductor,

glass and auto parts industries to American products.

Miyazawa arrived in Washington on Tuesday as the US steel industry lashed out at what it said was "massively subsidized" competition in Japan and other countries.

American steelmakers accused 21 nations, including Japan, of "dumping" steel imports and asked the administration to enforce trade laws protecting American producers.

The Japanese industry quickly denied the charges.

'Scandal won't derail Indian economic plan'

NEW DELHI, July 1: India's Prime Minister Narasimha Rao said, he will fire any Minister implicated in Bombay's billion-dollar financial scandal and that he is open to suggestions about reforming the banking system, reports Reuter.

"If any of my ministers is involved he will not remain in the ministry," Rao told his first Press conference since becoming Prime Minister just over a year ago.

The Central Bureau of Investigation is probing what the central bank has called a "massive collusion" between brokers and bankers to divert government bonds into the Bombay Stock Market.

At least 18 people have been arrested in the wake of the scandal. Two local banks have closed and two foreign banks, ANZ Grindlays and Standard Chartered have made provisions against possible losses of tens of million of dol-

lars. "This is not the end of the story," Rao said "what of the future? Is there something wrong with the system? or that aspect my mind is open."

Rao said the scandal would not derail his government's ambitious economic programme, through the pace may slow.

"When you bring in reform too quickly... you can catapult yourself into a more difficult situation," he said.

The 12 accused were all "influential and powerful people" capable of subverting the system, he said.

The court has already refused bail to the chief accused in the case, Harshad "big bull" Mehta, alleged to be the brains behind the banker-broker nexus that siphoned a billion dollar in securities to the stock markets, and a bank official R Sitaraman. Meanwhile, in New Delhi,

the Governor of the Reserve Bank of India (RBI) or central bank), S Venkataraman, told the television magazine eyewitness that "much more than 2,000 crore rupees (666 million dollar), or about 75 per cent, of the billion lost in the scam would be recovered.

Venkataraman called the involvement of Standard Chartered in the scam "a failure of its own system" which its management was unaware of, and said Standard Chartered had already brought 800 million into the country.

"I think they (Standard Chartered) will bear part of this loss, if the loss is ultimately established," he was quoted as saying.

In the interview the Governor also rejected suggestions that he should bear responsibility for what he called the "system's failure" that allowed the scam to take place, saying it was he who "caught

the thief."

Indian Prime Minister P V Narasimha Rao, speaking at a meeting with the Press earlier Tuesday, said he would not let the scam, which was shaken the country's banking system and stock markets set back his drastic liberalisation of the Indian economy.

Bombay court refuses bail petition

AP adds: A Bombay court refused bail for 12 more leading stock brokers and bankers in India's billion dollar bank scam Tuesday as the Governor of the central bank said 75 per cent of the missing funds could be recovered.

S N Variava, the judge of a special Bombay court designated to handle cases arising from the scam, rejected bail for leading Bombay brokers Bhupen Dalal and Hiten Dalal, two of their colleagues, and seven bankers and a securities firm proprietor. He ordered

Turkey ready to help former Soviet republics : Demirel

ISTANBUL, July 1: Top officials of Muslim republics of the former Soviet Union gathered here on Tuesday to discuss economic cooperation with Turkey and Western businesses, reports AP.

Opening the two-day conference, Turkish Prime Minister Suleyman Demirel said, "As a democratic and secular country with a market economy, Turkey is ready to and can offer all kinds of support to these states."

He was addressing about 100 foreign politicians and business executives gathered here for a two-day discussion of Turkey's economic role in the Asian republics of the former Soviet Union.

The conference was organised by the World Economic Forum, a Geneva-based foundation sponsoring contacts between international business executives and politicians.

Presidents of Uzbekistan, Kyrgyzstan and Turkmenistan and the Deputy Prime Minister of Azerbaijan attended. Also present were high-level representatives from Russia, Bulgaria, Romania and Moldova.

The meeting, held behind closed doors, followed the signing here last week of a Black Sea Economic Cooperation Pact. Turkey emerged from the 11-nation Black Sea summit as an economic leader and peacemaker for the warring southern republics of the former Soviet Union.

Turkish officials have said closer economic links would help defuse ethnic conflicts in the area.

"Survival of a united Europe," said Demirel, "will largely depend on the creation of a belt of peace, cooperation and welfare in the geographical area which extends between the Balkans and Caucasus and which lies at the heart of Eurasia."

Turkey is competing with fundamentalist Iran for influence in the Muslim republics. Both have pledged loans and offered to mediate in regional disputes.

But Demirel told a news conference that there was no friction between Turkey and Iran, or any Turkish ambitions for hegemony.

The Central Asian republics "are not in our monopoly," he said. "We want them to rule themselves. We do not plan to run their countries. We want them to stand on their own feet. Our assistance is solely in the moral sense."

He called on the world community to help the countries change from Marxist to free-market economies.

World Bank representative Kemal Dervis told reporters his organisation would help the republics by setting up a new banking system and providing training.

Turkmenistan's deputy prime minister, Corakul Babakuliyev, said plans were under way for piping Turkmenistan natural gas to Europe through Iran and Turkey, but more foreign investment was needed.

Azerbaijan's deputy prime minister, Ziad Samced-Zade, said his country needed vast technological assistance.

Ramos firm to revive Philippine economy

MANILA, July 1: New Philippine President Fidel Ramos on Tuesday promised swift, decisive and possibly painful reforms to revive the economy and help it become competitive internationally, reports Reuter.

Indicating that he would continue but probably speed up the economic liberalisation begun by his predecessor Corason Aquino, Ramos said he would dismantle protectionist barriers and make industry more efficient.

"Let us begin by telling ourselves the truth — our nation is in trouble and there are no easy answers, no easy fixes for our basic ills," Ramos said in his inaugural speech.

"Once we were the spur of southeast Asia. Today our neighbours, one by one, have passed us by."

"We must make hard decisions. We shall have to resort

to remedies close to surgery, to swift and decisive reform," the 64-year-old former Defence Chief said.

"We must restructure the entire regime of regulation and control that rewards people who do not produce at the expense of those who do," Ramos said.

"Deregulation and privatisation shall set free our industries from the apron strings of the state."

The first Protestant President of the predominantly Roman Catholic nation acknowledged that reforms could be painful.

"The immediate future will be difficult. In some areas things could get worse before they get better. Sacrifices will be asked of every sector of society," he said.

He vowed to crack down on widespread smuggling and tax evasion

US House votes against tobacco export

WASHINGTON, July 1: The House of Representatives voted on Tuesday to bar the use of federal money to promote US tobacco overseas, after lawmakers said taxpayer dollars are being used to "peddle the ultimate carcinogen," reports AP.

The Agriculture Department is spending 3.5 million dollar this year to help promote US tobacco overseas.

The department awarded the money to Tobacco Associates, a grower group which helps foreign cigarette manufacturers develop the machinery and techniques necessary to produce

cigarettes rolled with US tobacco.

Led by Democratic Rep Wayne Owens, lawmakers said the United States is "exporting death" at the same time domestic smoking is on the decline and billions of dollars are being spent in search for a cancer cure. The overseas tobacco promotion ban was approved on a voice vote.

The House later reaffirmed its position with a recorded vote, 331-82, and approved the 59 billion dollar spending bill for food and farm programmes in fiscal 1993, which begins Oct 1. The spending bill passed 312-99 after nearly ten hours of debate.

"When it comes to tobacco, the US has become addicted to bad policy," Owens said during a daylong debate on a 59 billion dollar spending bill for the nation's food and farm programmes in fiscal 1993, which begins Oct 1.

"The American taxpayers are spending billions of dollars each year for research and for cures for cancer, lung diseases and heart ailments," Owens said. "And at the same time, these taxpayers are spending millions of dollars to promote these very same diseases overseas. ... This policy is insane."

Democratic Rep Dick Durbin called the country's tobacco policy two-faced. At the same time the nation wants to protect children from second-hand smoke, it is promoting a product "so that people can be killed around the world," he said.

Defenders, including North Carolina Democratic Reps Charles Rose and Stephen Neal, said that if the foreign cigarette manufacturers don't use US tobacco, they'll buy from other countries.