

BRIEFS

Working capital of IDB to double

JEDDAH, July 5: Islamic Finance Ministers have agreed to almost double the Islamic Development Bank's (IDB) working capital to 5.3 billion dollar, they said, reports Reuters.

The ministers, who were meeting at Saudi Arabia's Red Sea Port of Jeddah for the annual conference of the IDB, said in a statement that its subscribed capital would rise by 1.9 billion Islamic dinar to four billion dinar, the unit of account used by the IDB and equivalent to 1.33 dollar.

Russia, Vietnam sign trade protocol

LONDON, July 5: Russia and Vietnam signed a trade and economic cooperation protocol in Moscow Saturday, envisaging a trade turnover of 800 million dollar this year, the Itar-Tass news agency, monitored by the BBC reported, says AFP.

The protocol was signed after talks between Vietnamese Vice-Prime Tian Duc Luong and Russian Vice-Premier Valery Makharadze, leaders of the Russo-Vietnamese Inter-Governmental Commission for Economic, Scientific and Technical Cooperation.

Pihdi to purchase 273,000 MT US wheat

ISLAMABAD, July 5: Pakistan has finalised a deal to purchase 273,000 tonnes of wheat from the United States at 156 dollar per tonne, it was officially announced Saturday, reports AFP.

The wheat shipments would start arriving in Pakistan by September.

The country is to import a total of two million tonnes of wheat to meet its needs beside looking after Afghanistan's food requirement, the statement said.

WB to give \$190m loan to Argentina

BUENOS AIRES, July 5: The World Bank will provide Argentina with 190 million dollar in emergency aid to help rebuild areas hit by recent floods, officials announced Saturday, reports AFP.

The loan will be distributed among seven provinces including Buenos Aires, home to 13 million people, said Hector Domenicone, a senior official of the Ministry of Public Works and Services.

Taiwan's concession to join GATT talks

TAIPEI, July 5: Taiwan will apply to join the General Agreement on Tariffs and Trade (GATT) under the name of "Chinese-Taipei" in a concession to Beijing to improve its chance of admittance, officials said Friday, reports AFP.

"As the official title of the customs territory of Taiwan, Penghu, Kinmen and Matsu is too long, the government is willing to use the Chinese-Taipei as a brief form of the title, just as the name is used in many international organisations," Vice Economics Minister P.K. Chiang said.

He said the membership title was a key issue for Taiwan's entry into GATT.

Corrupt Chinese official dismissed

BEIJING, July 5: More than 100,000 civil servants accused of corruption have been dismissed, demoted or warned in the past five years in China, a newspaper said Saturday, reports AFP.

China Daily quoted Vice Minister of Supervision Qing Xu as saying that since the Ministry's launch in 1987, some 719,000 cases of bribery, embezzlement, dereliction of duty and other instances of corruption had been received.

Thai Customs seize 82 kg gold

BANGKOK, July 5: Thai Customs officials seized 82 kg of gold bars worth 27 million baht (1.08 million US dollar) from a Singaporean man in Phetchaburi province Friday night, reports Xinhua.

A report received here Sunday from the province said Packer Naima Mohamad, 52, was arrested in his car at a gas station in Tha Yang district of the province and a search of the car revealed the gold.

Customs officials said the gold was suspected to have been smuggled into Thailand from Malaysia by Mohamad and was to be sold in Bangkok.

ROK to cut duties on EC whisky

SEOUL, July 5: South Korea has agreed in principle to cut duties on imported whisky to avert a European Community complaint to the General Agreement on Tariffs and Trade (GATT), a Finance Ministry official was quoted on Sunday as saying, reports Reuters.

What G-7 leaders hope to achieve from Munich?

MUNICH, July 5: When leaders of the world's seven richest industrial countries gather this week for their 18th annual economic summit, discussions are likely to focus on Russian President Boris Yeltsin's pleas for Western assistance and the sluggish global economy, reports UNB.

Following are sketches of each country and its leader and his hopes for the summit: **United States**

President Bush is hoping that the US economy this year will mount a sustainable recovery after the 1990-91 recession. However, recent signs aren't all that encouraging. The country's trade deficit is starting to climb again as weakness in Europe and Japan cuts into American export sales. The federal budget deficit is approaching the 400 billion dollar mark and the US financial system is still straining under the borrowing excesses of the 1980s.

The administration, worried about lingering weakness as the November elections approach, has been pressuring Japan and Germany to do more to stimulate their economies and provide markets for US exports. Neither country is likely to respond quickly enough to help much before November.

A year after his popularity soared to record peaks on the strength of victory in the Persian Gulf War, Bush has seen his approval ratings plummet to the lowest levels of his presidency, in the mid-30s. Instead of coasting to a second term, he finds himself in a fight for his political life, running behind independent Texas billionaire Ross Perot in some polls.

Bush hopes the Munich summit will showcase his foreign-policy skills and provide a successful encore to his late-June summit with Yeltsin. But with little likelihood of any major triumphs in Munich, he runs the risk that voters will only be reminded of recurring criticism that he pays too much attention to foreign policy and ignores problems at home.

**Japan**

Japan is suffering from an economic hangover after the boom years of the 1980s. The stock market is in a nosedive, banks are saddled with bad real estate loans and the economy is limping along. The only sector doing well is foreign trade, but the growing surpluses are provoking anger and rising protectionist sentiments in the United States and Europe. Foreign critics complain that the Japanese are increasing predatory trade practices to cushion the impact of weak domestic demand.

To placate the critics, Prime Minister Kiichi Miyazawa was bringing to the summit a proposed budget supplement to boost government spending on public works projects, with officials talking about an increase in the range of 55 billion dollar. While the proposal has won praise from the United States, doubters point out that it is short on specifics and won't be finalized until September.

**Germany**

Chancellor Helmut Kohl, as the summit host, gets to set this year's agenda. He will try to persuade Western countries to pool their resources to reduce the possibility of another Chernobyl-like nuclear power accident. He also will be seeking assurances from the G-7 countries that they will follow through on the promised 24 billion dollar Western aid package for Russia. Germany is the biggest financial backer of the dissolved empire but Kohl says his country can't afford to go it alone.

**Britain**

Britain is starting to emerge from more than two years of deep recession, but the recovery is slow and unemployment is still rising, hitting 9.6 per cent in May, the 25th straight month increase. Prime Minister John Major's government, which does not have to face voters for another five years, appears relatively unconcerned — insisting that the recovery will be felt "later this year."

Major comes into the summit with perhaps the highest standing of any of the seven. After succeeding Margaret Thatcher 17 months ago and working to some extent in her shadow, he won his own mandate on April 9 with a workable overall majority of 21 seats in the 650-member House of Commons.

British officials say Major hopes that the summit will break the holdup on aid to Russia, but he is worried that the 24 billion dollar Western package will become bogged down in the US Congress during the election year.

The French economy is weak with unemployment, currently at 9.8 per cent, the single-biggest economic issue. Due to very low inflation, France feels interest rates have room to come down and will join the United States in pressuring Germany to make that possible.

**France**

President Francois Mitterrand has seen his popularity ratings edge up after dumping the unpopular Edith Cresson as premier in April, but he remains dogged by the weak economy, a series of campaign financing scandals in the Socialist Party and a feeling among the French that it is time for a change after 11 years of Mitterrand rule. Like Kohl, Mitterrand is backing a 700 million dollar fund to make emergency nuclear power plant repairs in former communist bloc countries but the United States and Japan are questioning the price tag. Mitterrand, who defied warnings about dangers to make an emotional seven-hour visit to the besieged city of Sarajevo, will push the summit countries to support peace-keeping efforts in the former republics of Yugoslavia.

Canada, with an economy heavily linked to the United States, is beginning to crawl out of recession as well but, just like in America, the recovery is described as plodding and sluggish.

Prime Minister Brian Mulroney is probably the only G-7 leader with a lower approval rating than Bush. In fact, he is the most unpopular prime minister since they began polling in Canada with a Gallup Poll earlier this month putting his approval rating at 13 per cent.

Canada has been a strong supporter of aid to the former Soviet Union, a fact noted by Yeltsin, who made a point of visiting Ottawa after his US summit with Bush last month.

**Canada**

Mulroney took great pains to point out that Canada, on a per capita basis, is giving more aid to the former Soviet Union than any other G-7 member except Germany and that if every country was doing as much this year's 24 billion dollar aid package would grow to 60 billion dollar.

The summit is taking place at a critical moment for Italy. In April, voters punished the Christian Democrat-led coalition that have run the country since World War II as well as the major leftist opposition. Gains were made by regional and fringe parties and the system of government itself is under attack.

Italy's economy is weak. It has the highest unemployment of any G-7 country — 11.3 per cent in January. The major political parties have been implicated in a spreading kickback scandal and organized crime is mounting a serious challenge, recently assassinating the top anti-Mafia judge along with his wife and three police bodyguards.

ADB approves loans to China, Sri Lanka and Malaysia

MANILA, July 5: The Asian Development Bank announced Saturday it had approved technical assistance grants to China, Sri Lanka and Malaysia, reports AP.

The Manila-based bank said the grant to China, worth 600,000 dollar will help formulate a national response to global climatic change. The grant will be financed from the Japan Special Fund.

It said global warming due to excessive release of greenhouse gases is an environmental issue that could greatly affect China, since its economy is largely based on natural resources.

The grant will fund a 15-month study of short- and long-term ways to reduce release of carbon dioxide and other greenhouse gases. China is one of the largest contributors of greenhouse gases.

Sri Lanka's grant, totaling \$95,000, will help evaluate an irrigation project involving farmer organizations.

Bank staff gets compensation for illegal retirement

SINGAPORE, July 5: A former employee of the Indian Overseas Bank (IOB), C S Venkitachalam was awarded damages of 121,468 Singapore dollar (75,000 US dollar) by the high court when he won an action for wrongful retirement, reports AFP.

He sued the bank for retiring him four months before he turned 55 in November, 1986 when he was entitled to retire when he reached the age of 58.

Venkitachalam, now 60, told the court he was certified medically fit to continue working 17 days before he reached 55 and the bank had no reason to retire him.

The court ruled Friday that there were no reasonable grounds for the bank's action.

The bank was also ordered to pay costs.

Billion dollar bond scam

Delhi orders audit of four foreign banks

NEW DELHI, July 5: The Reserve Bank of India (RBI) has ordered a detailed audit of the treasury operations of four foreign banks operating here — Standard Chartered, Citibank, ANZ Grindlay's and Bank of America, the Press Trust of India (PTI) reported Saturday, according to AFP.

The move came after the banks' names had been mentioned in connection with India's billion dollar bond scam. Standard Chartered and Grindlays have already made massive cash injections into their Indian operations.

PTI quoted an RBI press release issued in Bombay Saturday as saying it had asked the audit reports to be ready within a month under the powers vested in it under the banking act.

The RBI has already scrutinised transactions of the four as well as several Indian banks in the context of the scam, which when uncovered in April showed that some one billion dollar had been diverted illegally by a nexus of bankers and brokers into the country's then booming stock markets.

Another report from Bombay says: India's main stock market here did no trading for the second straight week following a brokers' boycott over confusion caused by a massive securities scandal.

Brokers boycotted the Bombay Stock Exchange (BSE), which accounts for 70 per cent of all trading in India, to protest orders of a special court which is trying the accused in the billion dollar scam.

On Thursday, the court seized the assets of brokers Bhupen Dalal and JP Gandhi, taking the number of brokers whose property has been attached for being linked with the massive scam to nearly half-a-dozen.

Chinese banks plan overseas expansion

BEIJING, July 5: China is encouraging its banks to open branches abroad to help raise capital for the nation's ambitious modernisation programme, an official newspaper said Sunday, reports AP.

The China Daily said the overseas expansion plan was the subject of debate within the central bank for months. Supporters said it would help attract investment funds and ease trade transactions.

Now that the central bank has approved the strategy, Chinese banks are lining up to get permission to open branches, the paper said.

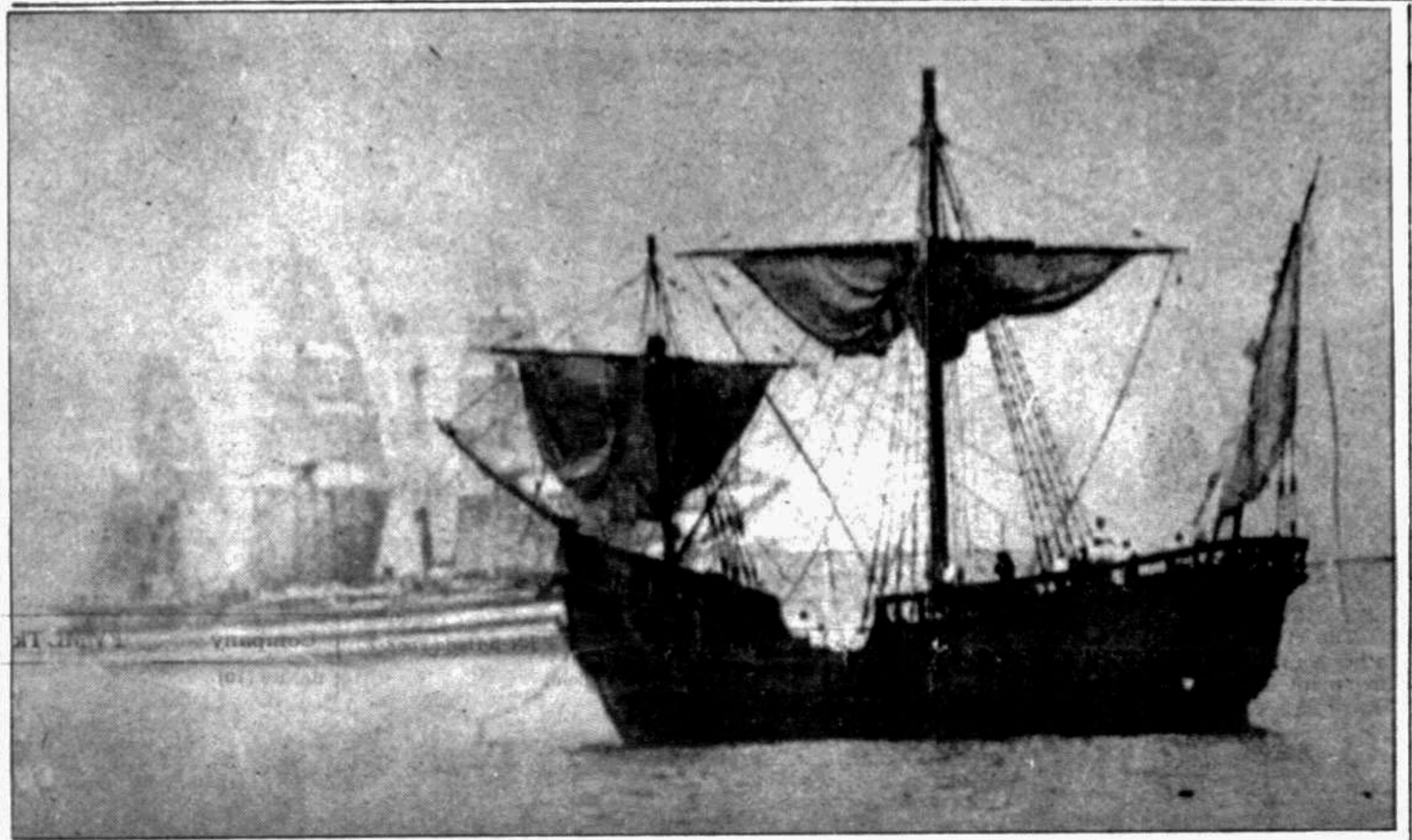
The People's Construction Bank of China is seeking to open branches in Japan and Singapore, while the Industrial and Commercial Bank wants to move into Kazakhstan and upgrade its Singapore office to branch bank, the paper said.

For decades, the only bank allowed to have branches abroad was the Bank of China. A very few other banks have been allowed to open branches in key foreign capitals since China began encouraging foreign trade and investment in 1978, but the government's priority has been maintaining tight control over international transactions.

China's central bank, the People's Bank of China, opened its first overseas office last month in London.

The Bank of China received permission last week to open an office in Seoul, even though China does not have diplomatic relations with South Korea. China is an ally of Communist North Korea.

Meanwhile, more foreign banks will be allowed to open branches in China, the China Daily said.



NEW YORK: The Italian tall ship Amerigo Vespucci (L) sails down the Hudson River past the Statue of Liberty and a replica of one of Columbus's ships July 4 during Operation Sail '92. The event is part of the Christopher Columbus Quincentennial celebration.

EC, Japan agreement on trade gap

LONDON, July 5: Japan and the European Community agreed Saturday on joint efforts to tackle a massive trade gap, running at 27 billion dollar last year, at the second Japan-EC summit here, reports AFP.

In a joint communique after the talks, they welcomed steps taken by the Japanese government in recent years to improve access to its markets.

"At the same time Japan noted the concern expressed by the community about the recent widening of the bilateral trade imbalance."

"We recognised the need for further efforts by Japan and the community and its member states to increase EC exports to Japan," it said.

Saturday's summit was attended by British Prime Minister John Major, whose country took over the EC presidency July 1, Japanese Prime Minister Kiichi Miyazawa and by European Commission President Jacques Delors.

It took place against a background of growing European hostility towards Japan over the ballooning trade imbalance.

In a later meeting between Delors and the Japanese Premier, the European Commission President proposed that EC and Japanese experts analyse the causes of the trade imbalance but Miyazawa felt this could be diseased through existing channels of communication.

Japanese spokesman, Sadaaki Numata said.

Speaking to a joint Press conference after the summit, Major said trade relations with Japan were "the central part of our relationship".

Increased cooperation was agreed in a number of fields including environment, science and technology, and assistance to developing countries, a Japanese spokesman said.

It was the second EC-Japan summit after a first in the Hague on July 18 last year at which they signed a joint declaration to strengthen relations.

Miyazawa said he had outlined to the summit Japan's efforts to stimulate the economy which he said was "slowing down rather substantially". He said 70 per cent of public works expenditure would be done in the first half of the year.

Major said that Miyazawa had assured him Tokyo was confident of meeting its three and a half per cent growth target for the next five years.

The British Premier said the summit had also agreed to join efforts to try to kick-start the stalled talks on the General Agreement on Tariffs and Trade (GATT).

There is clearly an imperative to reach a conclusion to the GATT round as speedily as we possibly can," he said.

There was no doubt an agreement would help reverse flagging world trade, rising unemployment

to welcome steps taken by the Japanese government to improve access to certain sectoral markets."

He added, "trade does remain the very core of the European-Japanese relationship but we do believe economic questions should be discussed in the context of a wider dialogue involving political issues as well."

He described Japan as a "major global power not just in economic and trade terms but also a major power in political terms as well."

"We want the relationship to be a longer term partnership based on shared values and partnership," he said.

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Metal prices soar, sugar falls and grains hold firm

LONDON, July 5: The instability presently rocking South Africa, where unions have called for a general strike from August 3, made platinum prices jump to their highest level for a year this week, reports AFP.

Base metals also soared on the London Metal Exchange (LME) following copper, which was boosted by fears of supply disruptions in Poland.

Buying was mainly speculative, dealers said. No trouble had occurred in the South African mines, which produce so much of the world's gold, platinum and rhodium, and most base metal fundamentals remain bearish with stocks at high levels.

The assassination of Algerian President Mohammed Boudiaf set off a brief rally in the price of North Sea Brent crude oil, but it weakened later in a technical correction after last week's sharp gains.

Fears that drought affecting southern Africa might now spread to cocoa-producing re-

gions in West Africa saw a rise in cocoa prices, down last week to their lowest level in 20 years.

**Gold:** Firmer. After a hesitant start, gold reached its highest level for three and a half months on Thursday, supported by instability in South Africa and the fall of the dollar on economic gloom in the United States.

The apparent deadlock in annual wage negotiations taking place between the National Union of Mineworkers in South Africa and the Chamber of Mines contributed to gains.

**Platinum:** Strong increase. Prices reached their highest level for a year, beginning in New York on Monday when 38 of the 45 victims of the Bolpatong massacre in South Africa were buried amid much tension.

**Silver:** Recovery after early falls. Silver fell Monday under the four dollar per ounce mark for the first time in two months. The price was weakened by the latest statistics

from the Finance Ministry in Japan showing a fall in its silver imports of 32.8 tonnes in May against 78.2 tonnes in April and 81.6 tonnes in May 1991.

**Copper:** Firmer. Copper prices rose on the London Metal Exchange this week, closing firmer though slightly down on its mid-week high, which was caused by speculative and technical buying.

**Lead:** Higher. Lead price surged mid-week and held onto its new levels despite fears among some dealers that profit-taking would cut prices after the rapid surge.

Over the week, the price of lead jumped almost 10 per cent, closing on Thursday at 333 pound per tonne against its close of 304.5 pound per tonne at the end of the previous week.

**Zinc:** Weaker after strong start. Zinc fell back in the week after rising briefly in the rally affecting all metals.

Early on, zinc rose to its highest level since October 1990, but then the recent LME measures, designed to cut the premium of zinc cash prices over forward prices, took effect. Zinc stocks on the LME rose 4,500 tonnes to 332,050 tonnes.

**Aluminium:** Higher. Aluminium prices rose in line with prices of the other metals over the week, ending only marginally down on profit-taking after a rise of nearly five per cent in the week's trading.

Dealers said investment funds seemed to be moving into commodities and fuelling a speculative rally in most metals.

**Nickel:** Higher. Nickel prices were up almost five per cent in the week, continuing to climb despite fears among some dealers of profit-taking after the big jump on Monday.

Nickel surged first in the speculative rally on Monday and then in technical buying on Thursday as the market pushed through the 7,600 dollar/tonne level, triggering further "buy" signals on com-

puter trading systems.

**Tin:** Firmer. Tin closed the week firmer but off its mid-week two-and-a-half-year high, after profit-taking and other factors affected the metal.

One factor affecting tin on Thursday was the day's closure of the Kuala Lumpur exchange, dealers said.

**Coffee:** Higher. Prices lifted in a technical correction, with gains accentuated by thin trading conditions. Some brokers showed concern over the accusations of corruption against Brazilian President Fernando Collor de Mello, believing that a change of government could signal a change in attitude to coffee negotiations.

**Sugar:** Lower. Prices fell to their lowest level for a month on the London market in the wake of New York, weakened by technical factors and the expire of the July contract.

Analysts at brokers GNI said that prices might be affected by ample supplies in coming months.

**Vegetable oils:** Lightly down.

Vegetable oil prices lost ground this week but the price of rapeseed oil was supported by predictions of a fall in the EC rapeseed harvest because of drought in northern Germany and Denmark.

**Crude:** Weaker after slight gain. The price of North Sea Brent crude weakened on a technical correction after its rise to a seven-month high last week.

The assassination of Algerian President Mohammed Boudiaf set off only a brief rally in prices. Algerian oil production is around 770,000 barrels per day. An analyst with bankers Kleinwort Benson said that the market had been firm since the last OPEC meeting and was "due for a correction." But prices would then regain their highs and reach "22-23 dollar by the end of September," he said.

**Rubber:** Lower. The firmness of the pound against the dollar weakened prices of natural rubber on the London market.

The weakness of demand also depressed the trend, tyre manufacturers having probably covered needs till September before the summer holidays, a broker said.

**Grains:** Firm. Prices of wheat and barley were firm because of the drought in Denmark and northern Germany.

The Canadian Wheat Council in Winnipeg confirmed that Canada had concluded an agreement for the sale of more than one million tonnes of wheat to India.

Prices slightly weaker. Rains in producer countries (India, Sri Lanka and Kenya) recently affected by drought lessened fears of a supply shortage and weakened prices. The drop in demand from the ex-Soviet Union on the Indian market also contributed to weaker prices.

**Cotton:** Weaker after firm start. After the start, prices dropped on the Liverpool market because of lack of demand and the approach of the industrial holiday season.