China, India resume

border trade BEIJING, July 15: China resumed border trade Wednesday with India after a 30-year suspension, an official news report said. Burang, a Tibetan county located where China, India and Nepal meet will be open for crossing each year from June to September, the Xinhua News Agency said. Xinhua did not explain, but Burang likely will be cut off by snow the rest of the year. It is about 960 kilometers (600 miles) west of Lhasa in the Himalayas. The Chinese-Indian border has been officially closed and heav ily guarded since they fought a border war in 1962. Intermit tent skirmishes have continued since, reports AP.

Russia allows wages

in hard currencies MOSCOW, July 15: The Russian parliament has formally allowed its citizens to receive wages in hard currency, ending a legal limbo that barred earning in dollars but allowed people to spend them. The new law passed easily. It eases restrictions on the use of dollar, mark and other foreign currencies on Russian territory and legalises the already common practice - at least among foreign firms and joint ventures in Moscow - of paying Russian employees in hard currency, reports Reuter.

Steel production, consumption to fall

BRUSSELS, July 15: World production and consumption of steel will fall in 1992 for the third year running, according to the Organization for Economic Cooperation and Development. The OECD's forecast for 1992 is further evidence of the world recession in the steel industry which many, producers say is the worst and most protracted on record The OECD forecast that world steel demand would fall 1.5 per cent this year to 606.8 million tonnes, after a steeper 4.6 per cent decline in 1991, reports Xinhua.

Dunkel to stay in office till June GENEVA, July 15: Arthur

Dunkel, Director-General of the General Agreement on Tariffs and Trade (GATT), has decided to remain in office until next June 30, even though his term expires at the end of the year, official sources said here on Tuesday. He had been asked to stay on for the extra period by the members of the multilateral 'trade agency, who are still trying to reach agreement on liberalise action of world trade in difficult negotiations known as the Uruguay Round, reports

UK's economic slump to last beyond '93

LONDON, July 15: Britain's present economic "slum" will last beyond 1993 and the nation's economic problems are exacerbated by membership of the European Exchange Rate Mechanism(ERM), according to a group of leading economists Tuesday. The six economists, including Sir Alan Walters, former Prime Minis ter Margaret Thatcher's economic advisor, urged Chancellor of the Exchequer Norman Lamont to leave the ERM, in a letter to the times, reports

US consumer prices mark moderate rise

WASHINGTON, July 15: Consumer prices rose a moderate 0.3 per cent in June as the biggest jump in energy prices in 20 months was partly offset by muted cost increases - or even declines - in other categories, the government said Tuesday. Retail sales rose 0.5 per cent in June, driven by a sharp increase in automobiles, the government said in a separate report. Excluding the automobile component, sales inched up 0.1 per cent. Many analysts have expressed concern over recent muted consumer participation in the economic recovery. Retail sales account for about one-third of the nation's economic activity, reports AP.

Algerian PM favours predecessor's policy

NICOSIA, July 15: Algeria's new Prime Minister Belaid Abdesselam will maintain his predecessor's policy of attracting foreign investment in the country's oil industry, the Middle East Economic Survey (MEES) said on Monday. Quoting informed Algerian sources, MEES said Abdesselam was an enthusiastic supporter of reforms, initiated last year by his predecessor Sid Ahmed Ghozali, offering incentives to international investment in Algeria's oil industry, reports Reuter.

Free-fall of dollar may hinder US, world economic recovery

NEW YORK, July 15: A dollar free-fall would lead to higher interest rates in the US and Europe, further strain the European Monetary System (EMS), and ultimately stall the recovery in the US and the world, analysis say, reports

As a result, they expect the Group of Seven (G7) to support the dollar, first through open market intervention and eventually through monetary policy changes.

"If heavy selling emerges around the dollars historical lows, central banks will be in the market to support it, 'said MCM currency watch economist David Gilmore.

"An excessively weak dollar would raise the issue of confidence in the US economy and frighten the US stock and bond markets, "Gilmore said. "I will cause capital outflows and raise a severe financial problem for the US".

John Rothfield, international economist at First Chicago Bank, agreed a run on the dollar would disrupt the move considering many G7 seeking to depreciate the dol-

US bond market, pushing up rates and discouraging capital investment. The US officials don't want that to happen, especially in an election year, "he said.

The dollar has been locked in a downtrend since April losing 12 per cent against the mark and seven per cent against the ven. It closed weaker on Monday

on expectations the Bundesbank may raise interest rates at its council meeting Thurs-Analysts said this speculation, coupled with uncertainty

about the US presidential election and last week's break of key support at 1,5020 marks, may push the dollar all the way to its historical low at 1.4430 mark, set in mid Feb. 1991 Rayelle Weber Tyler.

Managing Director at International Treasury Consulting, said a very weak dollar would pressure European nations to raise rates to counter mark strength within the EMS, an unpopular

leaders will face electoral challenges at home within the next

"It could further stall the recovery in Europe," added Tyler, who notes there was concerted central bank intervention as the dollar slid to its record lows in early Feb, 1991.

The EMS was under pres sure Monday as sterling slid against the mark on speculation of a German rate hike. Carl Weinberg at High Frequency Economics said the Bundesbank will have to tighten credit to curb Germany's strong money supply

Some G7 nations, including the US, have already voiced concern over the dollar's sharp decline. Last week, the French Finance Minister Michel Sapin said that none of the G7 minis ters wanted to see the dollar trend lower.

US Treasury Secretary Nicholas Brady, clarifying a statement he had made only hours earlier, said last Wednesday that the US is not

US companies likely to invest \$4b in India

SINGAPORE, July 15: Foreign investment in India has soared to one billion dollar in the year since the government introduced economic reforms Indian High Commissioner Yogesh Tiwari said Tuesday, reports AP.

Additional foreign investment amounting to four billion dollar is expected by next July, he said.

"We are quite satisfied with the response to various mea sures taken to liberalise the economy," Tiwari added at a news conference in connection with two conferences planned in Singapore this month to explain markets, opportunities and changing eco nomic policies in India and China. They have been organ ised by the London-based Institute of International Research.

Tiwari said some US com panies were working out details to invest four billion dollar in power plants in India, and hoteliers from Singapore and other nations have made bids for Indian hotels that are being converted to private operation.

Tourism is given priority and foreigners can own 51 per cent of the hotels, he added

"We are interested in increasing cooperation with Sin-

gapore Airlines," Tiwari said. India also welcomed investment in the ports in Cochin, Calcutta and Visagap-

atinam as they sought to go

private, he said. At the same news conference, Zhu Zhenyuan, China's commercial counsellor in Singapore, said China welcomes more investment and technical cooperation from any part of the world to help raise the living standards of its more than 1:1 billion people.

He said China sought to double its Gross National Product between 1990, and 2000 to reach annual per capita income of 800 dollar to 1,000 dollar. Foreign investment in the

first five months of this year rose by 170 per cent from a year earlier to 10.4 billion dollar, Zhu said.

Cumulatively, foreigners have invested 23 billion dollar in 17,000 enterprises since 1979, he added.

Xinhua adds from New Delhi: India has outlined a strategy to increase horticul-

IBM, Siemens, Toshiba join hands to create super-chip'

NEW YORK, July 15: IBM. Siemens and Toshiba announced Monday an unprecedented accord to create a 21st-century computer chip the latest in a series of bids by IBM to share the risks and costs of developing new technologies, reports AFP.

Announcing the agreement at simultaneous news conferences in Munich, Tokyo and New York, the companies said cooperation would start at once at IBM's advanced semiconductor technology centre. 110 kms (70 miles] north of New York.

The partnership among the US, German and Japanese firms to create a super-chip with 250-megabit memory comes a year after International Business Machines, the world's largest computer maker, announced a surprise accord with its Californiabased competitor apple.

The chip now most commonly used has a capacity of one megabit, which uses an area the size of a fingernail to store the equivalent of 64 ordinary typed pages.

Lebanon cuts public spending to stabilise economy

BEIRUT, July 15: The Lebanese cabinet announced steps to revive the economy by cutting public spending, reports Reuter.

Increasing income and studying plans to privatise some services, Information Minister Michel Samaha said the government had set a public spending ceiling of 1,930 billion pound and expected revenue of 1,200 billion pound for 1992.

"Bringing back financial and fiscal stability is very vital to regaining confidence in the economy and currency," Samaha said. The previous government was toppled on May 6 by riots against the economic crisis.

In a draft 1992 budget the government had forecast revenue of 867 billion pound for the year

Speaking after a cabinet meeting, Samaha said the government wanted to reduce the public sector deficit from 56 per cent of overall spending in

1991 to 38 per cent this year Public sector deficits averaged 80 per cent of expenditure between 1984 and 1991. Since 1985 servicing the growing public debt has meant interest costs have exceeded budget revenues.

Samaha said the government planned to slash the deficit to 20 per cent of total spending in the second half of 1992 from 54 per cent of total spending in the first half of this year.

He said the cabinet was studying plans to partly or totally privatise services like electricity and telecommunications and would discuss setting up a fund with foreign organisations to support the Lebanese pound.

The pound, once one of the strongest currencies in the Middle East, plunged to a record low of 1,740 to the dollar on May 19. It ended on Tuesday at 1,755, level with Monday's close.

The government had also

decided to reschedule pay ment of its internal debt of 3,000 billion pound over the next three years and restrict its borrowing from the central bank to a maximum of nine per cent of total public spending, Samaha added.

Beirut, the Middle East's business capital before the start of civil war in 1975, began to set up new financial markets for trading stocks and commodities with the first meeting on Monday of a committee charged with planning the expansion.

Despite the end of the civil war in 1990, Lebanon has failed to attract sufficient for eign aid and investment so far to bring the economy back to life. Repairing war damage is estimated at 15 billion pound.

But the government hopes the release of the last western hostages in Lebanon last month and reforms suggested by the International Monetary Fund will revive the economy this year.

Bombay bond scam Key suspect's son kidnapped

"We are still a bit away from

the elections (in the US), but

we will not be surprised to see

Japan and Germany try to prop

up the dollar a bit to help out

Bush," said Jack Griffin, Assis-

tant Vice President at Fuji

views a weak dollar as the

world community voting nega

said a currency trader in

from a weak dollar is export

gains, which has been one of

the few success stories for the

summit, a rumour was circulat-

ing that the US government

would tolerate the dollar's fall

There is a tremendous lag,

sometimes as long as 18

months, between currency de-

preciations and an actual spurt

in exports," said Tyler, adding

that the gains from exports

would be too late to help the

"But that speculation is silly.

in order to boost exports.

Before last week's G7

US economy in the past year.

The only benefit to the US

tively on the US economy,

Chicago.

"The US Administration

BOMBAY, July 15: The son of an Indian exporter whose links with a key suspect in a billion-dollar securities scandal are under investigation, has been kidnaped, police said on Tuesday, reports Reuter.

Eight-year-old Vatsal, son of Niranjan Shah, was abducted on Monday while returning from school. A ransom note was found near his abandoned satchel, police said. They said the kidnappers

are demanding diamonds worth 150 million rupee (5 million dollar) and five kilos of gold as ransom to free the Shah absconded after tax-

men raided his home and offices on May 31 and seized documents showing payments allegedly made abroad to three brothers of broker Harshad Mehta, who is at the centre of the scandal.

A police official said they were also investigating the possibility that the boy had been taken by his mother, who is divorced from Shah. She was being questioned.



SARAJEVO: A woman gestures beside a dead man lying on the street in Sarajevo killed in an attack on July 12 by Serbian forces. The Bosnian capital has been under siege for over three months. -AFP photo

Stock market opens mixed in New York

NEW YORK, July 15: The stock market opened little changed Tuesday morning, reports AP.

After one hour of trading, the Dow Jones average of 30 industrial stocks was up 1.90 points to 3,339.21 at 10.30 am EDT (1430 GMT).

Volume on the New York Stock Exchange was 24.74 million shares in the first half hour and advancing shares outnumbered declining ones about 9 to 8 on the NYSE, with 624 up, 522 down and 648 unchanged.

The NYSE composite index was up 0.9 at 228.13 in the first 30 minutes.

The market drifted after the government released new readings on the US economy that were in line with expectations. The data indicated the slow recovery continues with little threat from inflation. economists said.

The Commerce Department said retail sales rose 0.5 per cent in June, matching forecasts by many economists.

US trade retaliation to hit GATT

retaliation planned by the United States against European Community aid to sovbean producers would work against reaching agreement in multilateral trade negotiations, British Agriculture Minister John Gummer said here on Tuesday, reports AFP

He said that "nothing has changed" in talks on farm trade being held under the auspices of the General Agreement on Tariffs and Trade (GATT) part of the Uruguay Round of Trade talks aimed at liberalizing and expanding world trade.

The minister was speaking after a meeting of EC agriculture ministers. Britain has been EC president since July 1.

In speaking of the planned US retaliation, Gummer said that the European Community is "threatened by illegal actions" that are not likely to settle the problem.

The United States has attacked the EC's income supsystem, for helping community soya producers, a

become the keystone of the the Americans" Common Agricultural Policy (CAP) Washington claiming that US trade suffers losses of a billion dollar a year due to the system," has decided to slap extra tariffs on certain products exported by the EC.

Washington is also demanding commitments for a substantial EC reduction in volume terms (24 per cent over six years) of cereal exports — a demand that is rejected by several community members, including France.

Gummer said that a solution at GATT is possible, if the United States takes accounts of the efforts made by the EC in connection with CAP, reform and if it makes comparable efforts.

French Agriculture Minister Louts Mermaz expressed a similar view on Monday at a news conference, saying that "if the procedure initiated by the United States is fully carried out it will cost the EC a billion dollar and France will bear 30 per cent of that. Such measures are not such as are likely to lead France and the

BRUSSELS, July 15: Trade type of arrangement that has community to negotiate with

Reuter adds: The European Community (EC) will bot be bullied into making concessions in world trade talks. British Farm Minister John Gummer said. "We are still threatened with illegal action, he said referring to Washington's potential retaliation in a long-running dispute with the EC over oil seeeds.

Gummer was speaking after EC agriculture ministers head European Farm Commissioner Ray Macsharry report on what he saw as highly unsatisfactory negotiations on the Uruguay Round of world trade talks at the Group of Seven summit in Munich earlier this month.

Gummer said the US had failed to respond to EC reform concessions relevant to the General Agreement on Tariffs and Trade (GATT) negotiations. The ball was now in Washington's court, he added.

GATT negotiations should have been completed in December 1990, but collapsed over the issue of trade-distorting subsidies, which still has to be resolved.

UK economic recovery underway

LONDON, July 15: British Prime Minister John Major said he expected the UK recovery from recession will begin in the second half of this year, reports Reuter.

An answer to a parliamen tary question by opposition Labour leader Neil Kinnock, Major said he agreed with the latest Organisation for Economic Co-operation and Development (OECD) and London Business School surveys that the British recovery will be underway from the second quarter of this year.

Sustained recovery and growth can only be based on low inflation, Major said.

"The ingredients are there . . recovery will be underway in the second half of this year and it will be a recovery that will be based on a rate of inflation that is far lower than anyone in this House (or parliament) predicted that it would be 18 months ago," he said.

"It is from that basis that we will get the growth that we would all wish to see,"Major added.

British inflation is currently at a year-on-year 3.9 per cent.

Japan's business pledge to further open market TOKYO, July 15: Japanese business leaders pledged

Tuesday to further open their nation's market, while a prominent American business executive warned that US-Japan economic relations had come to a critical point, reports AP.

"We have a choice. We face either breakdown breakthrough," Joseph Gorman, Chairman of TRW Inc. said business and trade issues between the two nations.

The breakthrough would require Japan to make its trading system more like those of other nations, Gorman said at a news conference at the end of three-day US-Japan Business Conference. More than 200 business executives from the two nations attended the 29th annual session.

With Japan's overall trade surplus seemingly set to exceed 100 billion dollar this year, Tokyo and Washington will be headed for a breakdown if the US deficit in trade with Japan worsens, Gorman said.

"Changes must occur to develop free and fair trade," he

On Monday, Japan said its trade surplus with the world for the first half of 1990 was a record 49.03 billion dollar up 52.4 per cent from the same period of 1991.

With the United States, Japan's 1991 surplus was 43.4 billion dollar.

John Marous, outgoing chairman of the US-Japan Business Council, said the latest forum was worthwhile in that Japanese business leaders came to realise that bilateral trade problems do exist, reversing their earlier reluctance to admit them.

"One of the most significant things that happened here was total realisation by our Japanese colleagues that we must have total market access (in Japan)," Marous said. "The first step to solve any problem is to agree that there is one."

Gorman succeed Marous at the end of the Tokyo forum for a two-year term as US head of the bilateral business council. Eishiro Saito, Honorary chairman of the Federation of Economic Organizations, serves as Japanese chairman.

China-Japan to build bullet

train HONG KONG, July 15: China is expected to sign a two billion dollar contract with Japanese firms Wednesday for the construction of the country's first bullet trains service in the eastern province of Fujian, reports here said, says

The contract to build the bullet train railway linking the provincial capital Fuzhou and Xiamen, where one of China's four special economic zones is located, will be signed between Fujian Regional Railway Corp, Japan Ikawa Investment and Trust Co, and Federation of Japan Overseas Railway Technology Cooperation in Fuzhou Wednesday, The Wen Wei Po daily said.

The total investment of some two billion dollar for the 280-kms (188-mile) railway will be funded by Ikawa, the

daily said. It said several banking and financing firms from the United States, Italy and Thailand have expressed interest in the project and had sent representatives to participate in the signing ceremony.

Chinese need to grow more food is urgent

BEIJING, July 15: With seven per cent of the world's land and one-fifth of its population China is already hard pressed to feed its 1.2 billion people. But with farmlands shrinking and population growing, the need to grow more food is urgent, reports

China's agriculture has also undergone radical changes in the past decade as the old centrally-planned economy transforms itself into a market-oriented one in which farmers prefer cash crops.

Even so, Beijing wants the country's annual grain harvests to grow from the current 445 million tonne level to 500 million tonnes by the year 2000 to keep pace with population growth.

Now, the Agriculture Ministry in Beijing has hit upon a novel market-oriented contract scheme it hopes will

revolutionise farms. The governments is offering

'technology contracts' under which field workers provide training, subsidised seeds, fertiliser and other basic materials to help individual farm households. So far, the system has been

used mainly for cash crops. Farmers pay the agriculture extension worker's fee that is based on an increased crop yield, which is spelled out in the contract. For grain crops, which are

centrally important to the national economy. The contract is generally between an extension agency and a country or township. The local government organises farmer training meetings and provided subsidised seeds and fertiliser to participants while the agency takes care of technology-shar-

There are also more complex contract agreements that have seed and fertiliser agencies and agricultural banks bound to provide services to the farm community.

seriously and often lead to court or mediator settlements. Fracis Foo, UN Food and Agriculture (FAO) Head Extension Consultant in China, is enthusiastic about the experi-

Broken contracts are taken

"The country is big, and if extension is funded by the government, a huge budget is involved," he said. "With farmers paying for the extension service provided for by farmer technicians, costs are minimised while the problem of funding is sidestepped."

FAO says the contract system guarantees efficient and quality services to farmers and generates income for the participating agencies. It argues that letting agencies have a stake in the out-

come also builds the farmers' confidence in the new technologies and overcome the 'know-it-all' attitude of the farm workers. The farmer-technician, a

Chinese innovation, is consid-

ered part of the extension network, more than just demonstrating a new technique to a few friends and relatives, the farmer-technician is expected to take on a real training job with his fellow "Farmer technician" is just

one of the titles the govern-

ment is now conferring on

farmers who have acquired a

degree of scientific farming knowledge, regardless of their years of experience. Farmers are also entitled to various levels of subsidies like access to new technical information, better quality seeds, farm machinery and special privileges in entering agricul-

tural colleges. These incentives have become crucial to technical training in China's farms, which have been transformed by market liberalisation.

Till ten years ago, agricultural improvements were issued as orders from above and carried out by large farming

collectives. Today, thousands of collectives have been replaced by 200 million farm households. The commands have also had to be replaced by persuasion and motivation techniques.

In recent years, China has also developed new varieties of grain crops. It has had notable successes with hybrid rice technology. There has also been a breakthrough in precision wheat planting that efficiently uses seeds while increasing yields.

But a potential source of tension has cropped up with the seemingly divergent goals of the government and farmers. Beijing is aiming to boost grain yields while the farmers want to increase their personal income though cash crops.

Chinese extension agencies are obliged to promote new technologies for grain while they are slow to catch up on those related to fruit or other more lucrative sideline crops.

W Bengal to build reserve of essentials ahead of flood

CALCUTTA, July 15: The West Bengal government has decided to build up a reserve stock of essential commodities in different districts to meet any possible shortage of them because of floods in the current monsoon, reports PII.

that adequate quantity of food grains, seeds, minikits and other agricultural inputs would be despatched to the districts. The Relief Department has also been instructed to gear itself to meet the situation.

Official sources here said

The department has already sent a sufficient quantity of relief materials to Howrah, Bankura, Midnapore, Purulia, Nadia, Birbhum, Murshidabad South Dinajpur and North and South 24-Parganas districts, the sources said.

Dollar gains against yen in Tokyo

TOKYO, July 15 : The US dollar moved higher against the Japanese yen Wednesday morning, while share prices on the Tokyo Stock Exchange gained moderately, reports AP.

At late morning, the dollar

was trading at 125.35 yen, up

0.40 yen from Tuesday's close. It opened at 125.18 yen after finishing overnight at 125.10 yen in New York. The 225-issue Nikkei Stock Average gained 144.02 points,

or 0.84 per cent, closing the morning session at 17,208.65. On Tuesday, the index fell 137.10 points, or 0.80 per cent, closing at 17,064.63. The Tokyo Stock Price In-

dex of all issues listed on the first section was up 3.91 points, or 0.30 per cent, to 1,298.06. The TOPIX shed 4.80 points, or 0.37 per cent, to 1,294.15, the previous day