

BRIEFS

US trade deficit rise to \$7.38b
WASHINGTON, July 18: The US trade deficit rose to 7.38 billion dollar in May, its highest level in 18 months, the Commerce Department announced here. The gap between imports and exports rose 4.5 per cent from the revised 7.06 billion dollar figure for April, marking it the third straight month of declining US exports, reports AFP.

Jakarta finds new oil, gas reserves
JAKARTA, July 18: Indonesia's state-owned Pertamina Petroleum Company announced Friday that it had discovered onshore oil and gas reserves near the Rantau field in north Sumatra. The Peran-1 well operation, about 130 kilometres (80-miles) northwest of the provincial capital Medan, yielded a cumulative flow of 2.68 million cubic feet (80,000 cubic metres) of gas and 39 barrels of oil per day, a Pertamina press release said, reports AFP.

US air carriers raise fare
NEW YORK, July 18: Air carriers increased fares Saturday by about 10 dollar to 20 dollar in most domestic markets, a day after American Airlines dropped a plan to raise fares by as much as 35 per cent. The increases work out to about 4.4 per cent across the board. American had proposed raising fares in 830 markets by 35 per cent. That would bring those fares back to the levels of mid-April, when American instituted a simplified pricing system that was undercut by some rivals, reports AP.

Japan's money supply growth drops
TOKYO, July 18: Japan's money supply in June grew at a record low pace of 0.9 per cent from a year earlier, surpassing the previous all-time low of 1.1 per cent in May, the Bank of Japan said Friday. The central bank also said that money supply, as measured by M-2 (cash plus time and demand deposits) and certificates of deposit, grew 1.2 per cent from a year earlier in the June quarter, down from 1.7 per cent in the March quarter, reports AFP.

Venezuela plans jt development of oil
CARACAS, Venezuela, July 18: The head of Venezuela's state-owned oil company on Wednesday it was near agreement with foreign companies to begin joint development of the world's largest reserves of heavy crude. Gustavo Roosen, President of Petroleos de Venezuela (PDVSA), said talks had reached advanced stages with Germany's Veoba Oel, France's Elf Aquitaine, and Mobil Oil Corp and Conoco of the United States. He expected an agreement by the end of the year, reports Reuter.

Air India, US bank sign agreement
WASHINGTON, July 18: The US Export-Import Bank and Air India signed a financing agreement on Wednesday for the 692 million dollar purchase of four new generation Boeing 747-400 aircraft and related spare parts, the bank said. Bank President John Macomber said the financing was the bank's largest for India, adding, "I sense a dramatic improvement in India's trade climate and a chance for large-scale commerce with the United States." He signed the agreement with Air India Chairman and Managing Director Y C Deveshwar, reports Reuter.

Rail service between China, Kazakhstan opens
BEIJING, June 18 China has opened passenger rail service between Xinjiang and the neighbouring former Soviet republic of Kazakhstan, the first step in a rail link projected to stretch across Central Asia and Europe to end in Rotterdam, reports Reuter. After an official ceremony on Tuesday, the first train left the Xinjiang capital of Urumqi for a 33-hour trip to Alma Ata, the capital of Kazakhstan, an official at the Xinjiang Foreign Affairs Office said by telephone Wednesday. Among the passengers for the 1,350 km (840 mile) journey were senior officials from Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan and Russia, who flew to Urumqi to take the train trip back, the official said.

BCCI creditors fail to block disputed deal

LONDON, July 18: A group of creditors of the collapsed Bank of Credit and Commerce International failed Friday to block a plan giving creditors 30-40 per cent of their money back, approved by the High Court last month, reports AP. After a four-day hearing, the Court of Appeal refused the group's request to overturn the High Court decision and denied them leave to appeal to the House of Lords, the unelected upper chamber of Britain's parliament. It ordered the group to pay their own cost and those of BCCI's bank-appointed liquidators, the accounting firm Touche Ross and Co. Lord Justice Dillon said there was no doubt that the terms of the deal "represent the best the liquidators have been able to achieve after protracted and difficult negotiations with the majority shareholders."

"The terms are a package and it is a question of take it or leave it," he said. The compromise plan, negotiated by Touche Ross, is opposed by a 7-1 majority of the BCCI UK Creditors' Committee. The group had argued that the High Court had no power to approve the deal in the face of such strong creditor opposition. Under the restitution plan, the Abu Dhabi government, the majority shareholder of BCCI, has offered to reimburse an estimated 250,000 depositors of BCCI in 40 countries the equivalent of 30-40 per cent of their deposits. In return, the depositors will pledge to abstain from further legal action. Dr. Adil Elias, Chairman of the BCCI Depositors' Protection Association and leader of the appealing group, said the Appeal Court's ruling was not fair. "We are fighting for all the creditors and my

message to Abu Dhabi is that we are not going to go away." "It is now clear to us that the liquidators are no longer working for the benefit of BCCI depositors," he said. Lawmaker Keith Vaaz, who has campaigned for a better deal for BCCI staff and customers, called the Appeal Court's decision "a body blow to the creditors' campaign for justice." Press Association reported that costs of the appeal likely would be more than 100,000 pound (195,000 dollar). Giving his ruling June 12, High Court Judge Donald Nicholls urged creditors to accept the deal, calling it their "best option." The deal has been approved by a court in the Cayman Islands, seat of BCCI (Overseas) Ltd, one of the BCCI holding company's two main units. It has yet to be approved in Luxembourg, where the sec-

ond unit, BCCI SA, is registered. Creditors there also have rejected the Abu Dhabi deal. International bank regulators seized BCCI on July 5 following auditors' reports of long-term, widespread fraud. Losses are estimated in the billions. BCCHK moves to settle claims Xinhua reports from Hong Kong: The special managers of the Bank of Credit and Commerce Hong Kong Limited (BCCHK) in liquidation Saturday announced a scheme which, if approved, will provide for the payment of the claims of 85 per cent of creditors in full. Under the proposed scheme, all small creditors, those who are owed 100,000 HK dollar (12,820 US dollar) or less will be paid in full in priority. Payments of such

claims are expected to commence in late September if the scheme is approved. Large creditors, those who are owed more than 100,000 HK dollar (12,820 US dollar), will rank for dividends which will be paid throughout the liquidation, unless they make an election. In the scheme all large creditors have an option to elect to accept 100,000 HK dollar and waive the balance of their claims if they so wish. One of the special managers, Nicholas Etches, said that the implementation of the scheme is subject to approval by the large creditors at a court meeting to be held on September 1 and subsequent approval by the court on September 14. Only those creditors who are owed in excess of 100,000 HK dollar will be eligible to attend the court meeting and vote on the scheme. Financial secretary of the Hong Kong government Hamish Macleod Saturday welcomed the proposed scheme. "I very much hope that the proposed scheme will succeed and be agreed by the large creditors," he said. However, some creditors are dissatisfied with the scheme and said it does not go far enough. The Hong Kong government decided to wind up, on July 17, 1991, the BCCHK, which had been fully controlled by the Luxembourg-based Bank of Credit and Commerce International (BCCI) Holdings, until it was shut down after the BCCI assets in the United Kingdom, Grand Cayman and Luxembourg were frozen by the Ban of England due to malpractices of the BCCI.

claims are expected to commence in late September if the scheme is approved. Large creditors, those who are owed more than 100,000 HK dollar (12,820 US dollar), will rank for dividends which will be paid throughout the liquidation, unless they make an election. In the scheme all large creditors have an option to elect to accept 100,000 HK dollar and waive the balance of their claims if they so wish. One of the special managers, Nicholas Etches, said that the implementation of the scheme is subject to approval by the large creditors at a court meeting to be held on September 1 and subsequent approval by the court on September 14. Only those creditors who are owed in excess of 100,000 HK dollar will be eligible to attend the court meeting and vote on the scheme. Financial secretary of the Hong Kong government Hamish Macleod Saturday welcomed the proposed scheme. "I very much hope that the proposed scheme will succeed and be agreed by the large creditors," he said. However, some creditors are dissatisfied with the scheme and said it does not go far enough. The Hong Kong government decided to wind up, on July 17, 1991, the BCCHK, which had been fully controlled by the Luxembourg-based Bank of Credit and Commerce International (BCCI) Holdings, until it was shut down after the BCCI assets in the United Kingdom, Grand Cayman and Luxembourg were frozen by the Ban of England due to malpractices of the BCCI.

CBI won't seek Mehta's custody after July 30

BOMBAY, July 18: The Central Bureau of Investigation (CBI) would not ask for custody of bull operator Harshad Mehta after July 30 in five remand cases. Its Counsel MP Johari told the special court presided over by Justice S N Variava here Saturday, reports PTI. Justice Variava had Friday remanded Mehta to CBI custody till July 30 on an understanding that CBI would not seek remand again on any further First Information Report (FIR) for any offence covered by the two reports of the Janakiraman Committee. After the remand matter was over, the judge heard arguments of various counsels on the petitions filed by the Stock Exchanges of Bombay, Calcutta and Delhi. The arguments concluded and the matter was posted for July 21.



RE-BIRTH OF A BRITISH LEGEND: Triumph, a British company which first began making motorcycles in 1902 and became well-known all over the world. The new Triumph motorcycles are based on three and four-cylinder, short and long stroke engines, designed by the development group.

Aid group commits Indonesia \$4.9b

PARIS, July 18: The Consultative Group for Indonesia (CGI) sponsored by the world Bank on Friday committed a total of 4.94 billion dollar in official aid for Indonesia for the financial year to March 1993, the bank announced, reports AFP. The group had met here on Thursday for its inaugural session. The 18 donor countries in the group followed World Bank recommendations calling for commitments at this level to make sure disbursements of aid will be roughly in line with the 4.3 billion recorded in 1992, which compared with commitments of about 4.8 billion dollar, officials said. The World Bank had recommended donor commit-

ments at this level to make sure that disbursements of aid will match the 4.3 billion dollar total recorded in 1991-92, and so enable Indonesia to pursue its structural reforms while maintaining growth at a sustainable pace. The first-ever CGI session, chaired by World Bank Vice President Gautam Kaji, in charge of the East Asia and Pacific region, was attended by officials of 18 donor countries and 12 international financing and development institutions. The CGI was established earlier this year to replace the Inter-Governmental Group for Indonesia (IGGI) chaired by the Netherlands, the former colonial power, which reacted to the November 1991 army

massacre of some 50 demonstrators in East Timor by freezing future Dutch aid. Another report from Tokyo adds: Japan will extend some 158 billion yen (1.3 billion dollar) to Indonesia in low-interest yen-denominated official loans for development projects, the Foreign Ministry said Friday. The aid package was announced at an annual meeting of donors to Indonesia the same day in Paris, the Ministry said. Indonesia is the largest recipient of Japan's Official Development Assistance (ODA), having surpassed China in 1986. It accounted for 12.5 per cent of Japan's overall ODA in fiscal 1990, against China's 10.4 per cent.

950.1b rouble deficit budget proposed Russian parliament upsets plan

MOSCOW, July 18: The Russian parliament has upset the government budget by vetoing a deficit put forward by acting Prime Minister Yegor Gaidar and agreeing extra spending of 100 billion rouble, reports Reuter. Gaidar's hardline opponents in parliament maintain the government has underestimated this year's income significantly. A new deal, passed by an overwhelming majority, creates a budget deficit of 950.1 billion rouble, up from the 800 billion proposed on Thursday, Gaidar last month put the deficit at 690 billion rouble. Separately, the government agreed a three-year plan to attract foreign investment to help rebuild Russia's shattered economy, Itar-Tass news

agency said. The plan would create the legal framework and improve tax and customs duties. "The Russian government will need an annual five billion dollar investment between now and 1995," the agency said. A western banker said the future of Russia's bold economic reforms would depend on whether parliament and the government could pull together and whether the government managed to rein in rapidly rising expenditure. Gaidar, the man trying to propel Russia to a market economy after 70 years of socialist central planning, is under heavy pressure from Western bankers and governments to cut the country's

budget deficit and stabilise the economy. Proof is needed that reforms are working to free the bulk of a 24 billion dollar international aid package. The money, to be channelled through the Group of Seven industrialised countries and the International Monetary Fund will help Russia buy essential imports and provide six billion dollar to help make the rouble currency convertible. But Gaidar acknowledged Friday he would have to increase spending "no matter how dangerous it is for the economy." "The extra money would go largely on food subsidies and to help re-house troops returning from eastern Europe.

Help rebuild Russia: Kohl

OSLO, July 18: German Chancellor Helmut Kohl urged other nations to do more to help Russia rebuild after the collapse of communism, reports Reuter. "It was general appeal to other countries," said Kacj Kullmann Five, leader of Norway's opposition Conservative Party after meeting Kohl on the second day of the Chancellor's two-day visit to Norway. Kullmann Five praised Germany for giving most aid so far to Russia as it fought to shake off the legacy of decades of communism by creating democracy and free markets. "This is a very considerable effort from a country which also has to raise up the new Germans living in the old East Germany," she told reporters. She said Kohl, speaking to the Foreign Affairs Committee of the Norwegian Parliament, "pointed to the positive experience for Germany from the Marshall plan" of American aid after World War Two. "He also pointed to the experience in 1918 (at the end of World War One) of having a peace without laying the groundwork

Under the Tories rich got richer, poor poorer

LONDON, July 18: The gap between rich and poor in Britain widened massively during the decade of the Conservative government from 1979 to 1989, the British newspaper Times reported here, according to Xinhua. The paper, quoting an official report published on Wednesday, said that during the ten years, the top half of the British population grew richer, but the bottom half had its share of national income fall five per cent, from 32 per cent to 27 per cent. The report showed that during that period, while average incomes rose by 30 per cent, none of the groups in the bottom half of the population had their incomes rise by as much as the average. Of the bottom half, the real incomes of the three million people in the poorest tenth of the population even fell by six per cent, the data showed. According to the data, a total of 12 million people were living below half-average income during the ten years, while the number was five million in 1979 when the Conservatives took office. The data also showed that 25 per cent of all children were living below this line during the period, compared with 10 per cent in 1979, indicating that nearly 3.2 million children were in poverty. The opposition Labour Party seized on the figures as proof of the failure of the conservative government's domestic policy. Michael Meacher, Labour's social security spokesman, commented that the report showed that the British society was now more unequal than at any time since the Edwardian era. "The current slump means the picture is even bleaker than when this report was compiled," he said.

land firms and engaging in any other trading and economic activities there without prior approval, Chiang noted. The Taiwan parliament passed late Thursday the landmark statute for people-to-people relations across the Taiwan strait, which will regulate economic and political activities with its long-time rival in Beijing. The nationalists, driven off the mainland after losing a civil war with the Chinese communists in 1949, have gradually eased four decades of hostility by allowing mainland visits and indirect trade with China. Officials said the mutually agreed Tashkent draft formed the basis of the tripartite meeting. They gave no further details. The draft provides cooperation in transit rail and road transportation between Uzbekistan and Pakistan and construction and repair of highways in Uzbekistan, Pakistan and "third countries." The two countries would also exchange specialists to establish an efficient tele-communications system. Younus, who arrived here Wednesday, earlier held bilateral talks with Pakistani government officials. Sources said Pakistan has proposed the formation of a transport coordination committee for linking Pakistan and Uzbekistan via Afghanistan by road and railways.

Two Americans get world food prize

DES MOINES (Iowa), July 18: Two American entomologists were awarded the world food prize on Friday for their work in using natural predators to control harmful insects that threaten crops and livestock around the world, reports Reuter. Edward Knippling, 81, and Raymond Bushland, 80, formerly of the US Agriculture Department, won the 200,000 dollar award for a process first used to control screwworms that destroy millions of dollars of livestock and crops each year. The technique involves raising sterile male screwworms in the laboratory and then releasing them to mate with female screwworms, therefore reducing the number of offspring. John Ruan, Chairman of the World Food Prize Foundation, said the two were instrumental in protecting crops, he cited an infestation of the screwworm in African crops last year.

Hanoi-Paris accord on oil exploration

HANOI, July 18: Hanoi has signed an agreement with the French oil company Total Sa to explore for oil off Vietnam's southern coast, the official newspaper Vietnam News said on Friday, reports Reuter. Petrovietnam, the state oil company, signed the production-sharing contract in Hanoi on Thursday, it said. Total's exploration bloc and others awarded by Hanoi to foreign companies are near an area south of Vietnam that China granted in May to a small US oil company, Crestone Energy Corp. Vietnam has urged China to drop the contract, saying the exploration area lies on Vietnam's continental shelf within its exclusive economic zone. Western oil companies in Vietnam have said they are worried that the Crestone deal and a simultaneous push by China to take control of the nearby spratly islands could complicate their own exploration activities. Vietnam and China claim all 105 islands, reefs and shoals in the spratlys. The Philippines, Malaysia, Taiwan and Brunei also claim some islands. Total began exploring for oil in the Gulf of Tonkin off Vietnam's northeastern coast in 1988, but gave up the concession this year after failing to find commercial amounts of gas, western oil company executives said. The exploration area total got on Thursday was one of several blocs for which companies from Europe, Japan and South Korea have been competing.

Unauthorised investment in China Taiwan firms to face fines

TAIPEI, July 18: More than 1,000 Taiwan firms could face heavy fines for trading with or investing in China without government approval, following the passage of a new law governing bilateral relations, officials said Friday, reports AFP. "Local firms or individuals investing in mainland China without our approval will be fined from three million to 15 million Taiwan dollar (112,000 to 600,000 US), and the fines will be imposed continuously," Vice Economics Minister P K Chiang told reporters here. The penalty covers those firms establishing plants in China, undertaking technological, cooperation with main-

Dollar falls while gold rises

LONDON, July 18: The dollar fell against major currencies Friday in what traders described as the latest of several days of bad news for the American currency and the US economy, reports AP. Gold prices rose to 357.50 dollar per troy ounce, up 4.90 dollar, on the New York Commodity Exchange. A late bid at New York Republic National Bank quoted gold at 357.50 dollar a troy ounce, up 5.20 dollar. Dollar trading was dominated all week by speculation, confirmed Thursday, that the German central bank would raise its discount rate at the expense of the dollar. The government reported Friday that the US foreign trade gap widened to 7.38 billion dollar in May, which was more than the market anticipated. There also was a 2.5 per cent drop in exports in May. "I think what we've seen happening is that the trade data came on Friday of a week of negative news for the dollar," said David Jacques, senior corporate dealer at Barclays Bank PLC. John Painow, a trader with Chemical New York Capital Markets Group, agreed that the news of the week had been bad for the dollar, along with President Bush's fall in the polls. The market doesn't like election year uncertainty, and dealers aren't clear about what Bill Clinton would mean to the market, Painow said. Jay Tucker, a trader with First Boston Corp, went a step further and said that the dollar's fall in several markets,

Trilateral meeting talks prospect for transit trade

ISLAMABAD, July 18: Pakistan, Afghanistan and Uzbekistan have held a first ever trilateral meeting here to discuss prospects for transit trade between the three countries, officials here said Friday, reports AFP. Communications Minister Azam Khan Hoti led the Pakistani delegation while an Afghan presidential advisor identified only as Ayub headed his country's team, the officials said. Uzbekistan was represented by its minister for national highways, Roustam Younus. Islamabad and Tashkent signed a memorandum of understanding enhancing cooperation between the two countries during Pakistani Prime Minister Nawaz Sharif's visit to Uzbekistan late last month.

Officials said the mutually agreed Tashkent draft formed the basis of the tripartite meeting. They gave no further details. The draft provides cooperation in transit rail and road transportation between Uzbekistan and Pakistan and construction and repair of highways in Uzbekistan, Pakistan and "third countries." The two countries would also exchange specialists to establish an efficient tele-communications system. Younus, who arrived here Wednesday, earlier held bilateral talks with Pakistani government officials. Sources said Pakistan has proposed the formation of a transport coordination committee for linking Pakistan and Uzbekistan via Afghanistan by road and railways.

Ruling party in Zimbabwe becomes major headache to creditors

The ruling ZANU-PF party of Zimbabwe, led by President Robert Mugabe, has become a major headache to its creditors. It is simply not paying its debts. Most are owed to parastatals or companies in which the government has a substantial shareholding. One private company has already taken legal action against the party. This includes payment for the land on which stands the party's 17 million Zimbabwe dollar (one US dollar = five Zimbabwe dollars) headquarters. Support for the party has been waning and members' subscriptions may not be forthcoming because of the economic crisis resulting from the drought and escalating

cost of living. But people are baffled because ZANU-PF has vast, highly profitable business interests with a turnover running into hundreds of thousands of dollars. Telephone services at party headquarters in Harare have been cut because the Post and Telecommunications Corporation (PTC) is owed 270,000 Zimbabwe dollar. The party last paid its telephone bill a year ago. Party secretary for administration, Didymus Mutasa, who also heads the highly controversial Ministry of Political Affairs, claims the party asked for the lines to be cut because they were being abused. He does not dispute that the party owes the 270,000 Zimbabwe

dollar. Charges for the land on which the party HQ stands are included in the debts because the party owns a Bulawayo company, Ashoka Trust and Holdings, 18,000 Zimbabwe dollar in rent arrears. The party occupied offices owned by the company in Bulawayo without paying a cent from January last year to February this year. The matter could revive old ZANU-ZAPU rivalries within the united ZANU-PF because the offices in question used to be rented by the former ZAPU, whose leader was Vice-President Joshua Nkomo, and should have been vacated when the parties merged and officials moved to the more luxu-

rious ZANU-PF offices. Some senior party officials are alleged to have sublet the offices during this period and pocketed the money instead of paying it to Ashoka Trust and Holdings. The party secretary for security for Bulawayo Province, Sheila Matumbike, says one senior party official collected 7,000 Zimbabwe dollar from people now using the offices in February this year but did not pay it to Ashoka Trust and Holdings. Another huge debt is for building the party headquarters itself. Although it is not clear how much is owed at present, the party's secretary for finance, Emmerson Mwanagawa, said last year the party

still owed about 10 million Zimbabwe dollar. He said out of the estimated 17.6 million Zimbabwe dollar for the building, 5 million Zimbabwe dollar was raised through contributions from party members. A further 800,000 Zimbabwe dollar was donated by private companies and individuals. Civil servants forced to contribute with money deducted from their salaries by the Salary Services Bureau for a year brought in a further 28.8 million. The balance was borrowed from finance houses. ZANU-PF also owes the Zimbabwe United Passenger Company 1.3 million Zimbabwe dollar, together with the government.

Some of the debt was incurred as far back as 1988, according to party chairman Joseph Msika, who as Minister of Local Government, Rural and Urban Development is also responsible for urban transport. The government is a majority shareholder in the bus company which has the sole right to operate in the country's urban areas. ZANU-PF, through its holding company, ZIDCO Holding, which says it employs 10,000 people and has an annual turnover of 350 million Zimbabwe dollar, jointly owns the country's biggest blanket maker, National Blankets, with the transnational Lonrho on a 50-50 basis. It has a 44.65 per cent

stake in Treger Industries, which has factories in both Harare and Bulawayo. It makes stoves, steel door frames, wheelbarrows, travel goods, hardware, appliances, and grain bags. The party also owns an auto engineering company, Mike Appel, which has 30 subsidiaries; Jongwe Printing and Publishing, a commercial printer which at one time took over the printing of Hansard after the government printers failed to cope; half of Woolworth Trading and F W Woolworth supermarkets; half of Catercraft, which has the monopoly of supplying food to the airline industry; and at least 50 houses, buildings and farms. — Oemini