

BRIEFS

Sony, Apple, Motorola go for jt-venture

TOKYO, July 20: Japan's Sony Corp and the United States' Apple Computer Inc and Motorola Inc have agreed to jointly develop an international uniform operating system for multimedia products, the Asahi Shimbun reported Sunday. Under the agreement, the world's three leading electronics firms are to jointly develop a smaller portable household computer that uses flash memory chips, a high performance liquid-crystal display and multimedia communication interfaces, the paper said, reports AFP.

Latvia introduces own currency

RIGA (Latvia), July 20: Latvia adopted a new currency Monday to end its reliance on Russia's weak rouble, but some citizens in the former Soviet republic continued to use the now-banned Russian money. The new Latvian rouble is now the only legal currency in the Baltic nation, despite rumours that the move had been postponed, Latvia Central Bank Spokesman Edzars Vejins confirmed Monday, reports AP.

Climbing fee for Everest to increase

KATHMANDU, July 20: The climbing fee for the world's highest peak, Mount Everest, is to be increased five-fold to 50,000 dollars for a five member team, the Nepalese ministry of Tourism said Sunday. The new fee will be effective from the beginning of the 1993 summer climbing season and teams will normally be limited to five members, a ministry spokesman said. "An additional 10,000 dollar will be imposed on each additional member with a limit of two more members," the spokesman told AFP.

North Korean trade minister visits ROK

PANMUNJOM (Korea), July 20: North Korea's Deputy Premier and Foreign Trade Minister Kim Dal-Hyon crossed the border into South Korea Sunday for a landmark trip to inspect the capitalist South's economic system. Kim and his nine-member entourage were greeted by Southern Economic Planning Board Deputy Minister Han Kap-Soo at the heavily-fortified border hamlet of Panmunjom, reports Reuters.

Pakistan to sell one more state-run bank

ISLAMABAD, July 20: The Pakistani government said on Saturday it would offer a third state-run bank next week for sale to private parties. An official statement said a cabinet committee on privatisation decided to issue an advertisement next week for the sale of the large United Bank Ltd. No details were given. Prime Minister Nawaz Sharif's Government has already sold two of the five state-run commercial banks as part of a massive privatisation programme, reports Reuters.

China may use foreign investment in mining

BEIJING, July 20: China may use foreign investment and cooperation with foreign counterparts in gold exploration and mining, said Cut Dewen, Vice-Director of the State Gold Administration Friday in Beijing. The industry is planning a package of reform measures to beef up production including pushing the industry toward the market economy. But this depends on the state's final decision whether to loosen its tight control of the industry, China Daily reported, reports Xinhua.

Lankan rupee may fall by 8 to 9 pc

COLOMBO, July 20: The Institute of Policy Studies (IPS), the only think-tank of Sri Lanka, has predicted a further depreciation of the Sri Lankan rupee by eight to nine per cent by the end of this year. Further devaluation of the Sri Lankan currency has been demanded by the World Bank among other reforms. The Sri Lankan currency depreciated by 5.9 per cent against the US dollar in 1991 to reach 42.58 to the dollar by year's end, reports Xinhua.

Pak money rates move falls

KARACHI (Pakistan), July 20: Pakistani money market rates slid because of high liquidity, dealers said. The interbank call rates fell up to 1.25/1.00 per cent compared with 2.25/2.00 on Thursday, the last trading day, said dealer Ali Sultan. The rates had fallen up to 2.00 per cent because of a shortage of borrowers in the market, he said, reports Reuters.

ASEAN to back free trade zone

MANILA, July 20: ASEAN foreign ministers, due to meet in Manila this week, are expected to push ahead with plans for a free trade zone within the Association of South East Asian Nations despite resistance from businessmen, diplomats say, reports Reuters.

ASEAN leaders agreed in Singapore in January to create a free trade area within the organisation — which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand — in 15 years through preferential tariffs.

But businessmen in the region are lobbying their governments for their products and industries to be exempted from the Common Effective Preferential Tariff (CEPT) scheme that is planned to start by January 1993, diplomats said.

"The reaction of the private sector in the various countries has been one of unanimous acclaim of the AFTA (Asean

Free Trade Area) idea, particularly those used to some aspects of protectionism," Philippine Foreign Secretary Raul Manglapus told reporters on Tuesday.

Despite the misgivings, ASEAN governments are expected to push the programme at the foreign ministers meeting in Manila from July 21 to 22, diplomats said.

They will also discuss a schedule of tariff reduction under the CEPT, they said.

Indonesian Vice-President Sudharmono said Jakarta was confident the AFTA agreement would go ahead as scheduled.

"The government of Indonesia has taken appropriate policies in order to expedite the implementation of AFTA arrangements," he said.

Sudharmono urged the ASEAN Chamber of Commerce and Industry, which met in Jakarta last week, to be prepared to make adjustments to

the new trade concept. Malaysian officials expect the meeting to push ahead with AFTA despite lingering problems which may cause delays in enforcing the pact.

Sree Kumar, a fellow at the Institute of South East Asian Studies in Singapore, said: "(the) problems now are the political situations in some other countries."

Political turmoil in Thailand, which led to the resignation of unelected Premier Suchinda Kraprayoon, and elections in Indonesia delayed and diverted attention from implementation of AFTA, Kumar said.

While Interim Thai Prime Minister Anand Panyarachun is a strong supporter of the AFTA agreement, members of Kraprayoon's government had suggested that Thailand go slow on free trade.

AFTA is designed to spur formation of a more cohesive trade bloc at a time when

ASEAN fears being shut out by larger trading blocs in North America and in western Europe under the European Community.

Romualdo Ong, Executive Director of Asia-Pacific affairs in the Philippine foreign office, told reporters on Wednesday it was inevitable there would be "some discomfort, some displacement in some sectors" of ASEAN economies.

Manglapus, who will step down as Foreign Secretary by the end of the month, believes the reluctance among South East Asian businessmen to go full steam ahead on AFTA is linked to fear of the unknown.

"They're not sure of what may come up if competition becomes too free, of what will come up in a totally free environment."

"But we are convinced that the net effect of AFTA will be beneficial in the long run," he added.

UAE ministries asked to trim spending

ABU DHABI, July 20: United Arab Emirates (UAE) Federal Ministries have been asked to trim spending to tackle a budget deficit that has persisted since oil earnings began to decline in the past decade, reports AFP.

Finance and Industry Minister Sheikh Hamdan bin Rashid-al-Maktum told the ministries that projected revenues for 1993 would be equivalent to those for 1992 but he hoped the deficit would be tackled.

In a letter to the 24 ministries he said there was "an imperative need now for tightening spending through avoiding unnecessary expenditure."

The letter, obtained on Sunday, said revenues would be equivalent to those projected in 1992, which stood at 15.9 billion dirham (4.33 bil-

lion dollar), most of which came from oil exports of about 2.3 million barrels per day. Spending in 1992 was put at 17.3 billion dirham (4.71 billion dollar), leaving a deficit of 1.4 billion dirham (3.81 million dollar).

It was the seventh consecutive year that the UAE federal budget suffered from a deficit as a result of a sharp fall in oil revenues.

The deficit persisted despite austerity measures and the introduction of fees on health, education, residence and other government services to boost non-oil income.

The UAE federal budget is theoretically financed by half the income of each of the seven Emirates making up the Gulf country. But in practice, all the funds come from the oil-rich Emirates of Abu Dhabi and Dubai.

US Fed Reserve Chairman to face legislators

WASHINGTON, July 20: Federal Reserve Board Chairman Alan Greenspan will face legislators on Tuesday who are edgy about a struggling US economy and rising unemployment, especially as this is an election year, reports Reuters.

In his semi-annual report to Congress, Alan Greenspan, Chairman of the Federal Reserve, is expected to come under tough questioning from lawmakers on why he did not move more quickly to cut interest rates in the face of growing evidence the economic recovery may be in jeopardy.

The latest signs of economic weakness, including a jump in unemployment last month to the highest in eight years, have come as President George Bush seeks to defend his domestic record against attacks from Arkansas Governor Bill Clinton, the Democratic presidential nominee.

Economists said Greenspan is likely to explain to lawmakers that many of the forces battering the economy cannot be tamed by the policies of the central bank alone.

"I think he'll tell them that a lot of the problems in the economy are out of the control and influence of monetary policy," said Mike Moran, chief economist at Daiwa Securities America.

The economy has been slowed by huge private and public sector debts built up during the 1980s that have cut savings and investment and put much new spending on hold.

The fed had hardly been idle, easing its Grip on the money supply 23 times since mid-1989. It cut its key discount rate, charged on loans to banks, to a 29-year low of 3 per cent earlier this month after the government said unemployment rose to 7.8 per cent in June from 7.5 per cent in May.

Bank of India offers to buy Bank of Karad's properties

NEW DELHI, July 20: The Bank of India has offered to purchase the assets — licence, buildings, properties, investments and advances — of the Bank of Karad, which is under liquidation, reports PTI.

Stating this at a news conference here Sunday, the Chairman and Managing Director of the BOI, GS Dhatore said his bank would also like to above all employees of the Bank of Karad as he felt that they would be an asset.

He said the BOI has got the approval of the Reserve Bank of India to go ahead and make an offer to the liquidator.

The BOI would like to buy the assets since it was strong in Kolhapur and Sangli areas of Maharashtra where the Bank of Karad had maximum number of branches, Dhatore said.



MANILA: China's Foreign Minister Qian Qichen (C) is accompanied by Philippine Foreign Secretary Raul Manglapus (R) upon arrival at the Manila international airport July 19, two days before the start of the 25th ASEAN Ministerial Meeting. China is attending as a guest at the meeting July 21-26. At the left is China's Ambassador to Philippines Huang Gui Fang. — UNB/AFP photo.

Indonesia pledges to continue reforms

JAKARTA, July 20: Indonesia which has just received record pledges from its aid donors, promised to continue to reform its economy, reports Reuters.

"The government will continue to improve its investment climate and to increase economic efficiency through deregulation," Finance Minister Johannes Sumarlin told reporters.

In Paris on Friday, the international group of donor countries and agencies promised a record 4.94 billion dollar in aid for fiscal 1992/93 (April-March).

"It is our obligation to maintain their (donors) confidence," he quoted President Suharto as saying.

In a report before the meeting, the World Bank warned Indonesia that it must further deregulate the economy if it was to reduce poverty and cope with a huge current ac-

count deficit and foreign debt of nearly 80 billion dollar.

"The aid will put Indonesia's balance of payments in good shape," Sumarlin said.

Of the aid, about one billion dollar of the total will be provided as fast-disbursing assistance, designed to help with the balance of payments.

Volunteers join Latvia forest fire

MOSCOW, July 20: Hundreds of volunteers Sunday joined professional firemen and soldiers to battle dozens of forest fires in Latvia, including one near a former Soviet military base, officials and news agencies said. Nearly 60 fires were reported in different regions of Latvia, the Russian Information Agency and the Latvian news agency Licta said, reports AP.

Indian bond scam hits foreign banks hard

BOMBAY, July 20: Had their names not cropped up in a massive securities scandal raging in India, many foreign banks operating in the country would have shown excellent results this year, reports AFP.

ANZ Grindlays was set to report a profit of 1.75 billion rupee (58.3 million dollar) this year, Citibank three billion rupee (100 million dollar), and Bank of America 1.25 billion rupee (41.6 million dollar), according to sources within the banks.

But with their involvement in the securities scam which surfaced in April established, the banks are finding the profits slipping away.

Investigations by the Reserve Bank of India (RBI), the central bank, have estimated that Standard Chartered Bank and five other foreign banks have a total exposure of 1.07 billion dollar to transactions involving fraudulent paper lent for stock market transactions.

Foreign banks, 23 of which operate in India through 140 branches, are now the subject of a special audit by the RBI to find out if they had been involved in any wrongdoing.

Some analysts have expressed surprise that the banks, with decades of banking experience in numerous countries, had allowed themselves to be entangled in the securities scandal which has shaken India's financial world.

They say the banks' desire to rake in profits in a country where normal banking is restricted by a plethora of con-

trols may be at fault.

Two years ago, the Indian government freed interest rates, making trading in government securities a profitable line of business for banks.

Foreign banks helped give a big boost to securities trading, transforming it from a dormant activity to a volatile one,

and their share in the money market operation is estimated at 60 per cent although they have only three per cent of the deposits.

According to Bank of America officials, 50 per cent of their profits this year came from trading in securities.

Forty per cent of Citibank's profits last year also came from securities transactions.

Analysts from the RBI's banking operations department said the foreign banks were cheated by unscrupulous brokers, ignoring RBI regulations and controls because of greed and carelessness which landed them in a mess.

As the scam began to unravel, Standard Chartered was the first to bring in money from abroad, arranging 300 million dollar to honour its commitments, but others were not so forthcoming.

Grindlays, which has the largest network with 56 branches in India, disputed a claim by the National Housing Bank for 168 million dollar and initially refused outright to provide for any backup funds. But under pressure from the RBI, it arranged for the money.

Foreign banks have been sending teams down to India to assess the tremendous impact of the scam on their operations.

Senior Bank of America officials came down to India to assess the problem in late May. In Citibank, it was discovered during investigations, certain entries in the computer were mysteriously erased.

John Reed, Chairman of Citicorp, which owns Citibank, told journalists in New Delhi: "It (the scam) reflects the fact that you have very sophisticated markets with large sums of money moving around in what are technically very complex transactions."

Non-smoker Thatcher to fight for tobacco firm

LONDON, July 20: The Philip Morris tobacco company is hiring Margaret Thatcher, a non-smoker, for one million dollar to serve as its international political consultant, The Sunday Times reported, says AP.

The newspaper said Philip Morris, the world's largest tobacco company, will seek her advice "on controversial issues, including the penetration of tobacco markets in Eastern Europe and the Third World."

"She will be asked to help resist attempts to ban tobacco advertising in the European Community and to fight cigarette taxes and state-run tobacco monopolies," The Sunday Times said.

No one from Philip Morris was available for comment Saturday, said a man who answered the phone at the company's headquarters in New York.

Murry Bring, a Philip Morris senior vice-president, refused to comment on the terms of the arrangement, "because that's a confidential matter between us and Lady Thatcher," the newspaper quoted him as saying. "But we're all very excited at the prospect," he reportedly said.

According to Bring, the final details of the contract were being worked out and it will be signed shortly, the newspaper said.

The Sunday Times quoted Thatcher's London office as saying she would act as "an ad hoc consultant on geopolitical issues."

Asked if Lady Thatcher had considered a backlash from the anti-smoking lobby, an unidentified spokesman said: "I don't think Lady Thatcher would get involved in anything that was in any way improper."

No one at the office was available to comment Saturday.

Asian currencies register slight gain against dollar

HONG KONG, July 20: A majority of regional currencies gained slightly against the dollar amid prospects of a weaker US economy and a move by Germany's central Bundesbank to raise its discount rate, reports AFP.

However, most money markets adjusted earlier in the week to the 0.75 per cent increase in the German discount rate, according to dealers and finance officials.

The Australian and Taiwan dollar dipped against the Greenback while the currencies of Japan, South Korea, Singapore, New Zealand, Hong Kong, Malaysia, Indonesia, Thailand and the Philippines were stronger.

Japanese yen: The yen firmed up against the dollar closing at 125.28 yen, up from 125.75 yen a week earlier.

After opening the week higher at 125.15 yen, the yen reached its high of 124.82 on Tuesday as the dollar was sold in exchange for the German mark and yen amid prospects that Germany's central

Bundesbank would raise its official discount rate.

It fell back Wednesday to the week's low of 125.48 as the dollar was bought back for position adjustment. The Bundesbank raised the discount rate to a record 8.75 per cent from 8.0 per cent Friday, but dealers said the market had already adjusted to the move.

South Korean won: The won strengthened moderately against the dollar to be traded at 786.40 won on Saturday, against 787.10 won a week earlier.

Dealers said demands for the US currency slackened lately as local banks heeded the dollar in anticipation of a weakening of the won due to ongoing trade deficits.

Australian dollar: The Australian dollar eased during the week amid bearish sentiment finishing at 74.32 US cent, compared to the previous week's 74.50 cent.

The local currency barely moved on the Bundesbank decision to raise its discount rate. Treasurer John Dawkins

said the German policy had been known for some time and would not hurt Australian growth prospects.

On the reserve bank's trade weighted index, which measures the dollar against a basket of major trading currencies, the Australian dollar finished at 54.4, down on the previous week's close of 54.9 points.

Singapore dollar: The Singapore dollar increased further against the US dollar since it began a rising trend four weeks ago at an exchange rate of 1.6110 on Friday, compared to 1.6160 last week.

Dealers said there was little demand for the Greenback amid fears of a worsening US economic situation and in the run-up to the presidential polls in November.

The Singapore dollar was weaker against the British pound at 3.1261, against last week's 3.0785. It was also weaker against the yen at 1.2893, compared to 1.2876 the previous week. It remained steady against the Malaysian

ringgit at 64.53.

The OCBC Bank's trade-weighted index for the Singapore dollar stood at 135.53, down from last Friday's level of 135.66. The index is calculated against the currencies of Singapore's top 12 trade partners.

Taiwan dollar: The Taiwan currency dipped to close Friday at 24.77 to the US dollar, down from the previous week's finish of 24.598.

After opening Monday at 24.78, the local unit drifted between 24.77 and 24.91 amid central bank intervention, according to market dealers.

New Zealand dollar: The New Zealand dollar was relatively unchanged against the Greenback, ending the week at 54.68 US cent, compared to the previous week's close at 54.38.

It was little affected during the week by the release of the latest inflation figure at an annual rate of one per cent. Interest rates have fallen as a result but have had no significant effect.

Russia spent \$ 500m to support rouble

Central bank chief signals policy shift

MOSCOW, July 20: The new head of Russia's central bank has signalled a change in economic policy, criticising his predecessor's moves to prop up the rouble and warning that the currency cannot be made convertible yet, reports Reuters.

Viktor Gerashchenko, appointed on Friday as acting central bank head, said Russia had spent 500 million dollar so far this year to support the rouble on the foreign exchange market.

A convertible rouble has been a key goal of the reformist government of President Boris Yeltsin and officials earlier this year targeted an exchange rate of around 80 rouble per dollar.

But Gerashchenko told Interfax news agency this weekend the rouble could not be made convertible until the economy had stabilised.

Gerashchenko's predecessor, Georgy Matyukhin, had adopted a much more interventionist approach, promising to keep the rouble firm and supporting efforts to make it convertible.

Matyukhin quit on Friday after parliament approved a big 1992 budget deficit of 950 bil-

lion rouble (7.08 billion). He said he was stepping down for health reasons.

Gerashchenko's appointment is likely to win approval from Russian's industrial sector, still struggling to come to terms with the break-up of the Soviet Union and the collapse of economic ties between the old Soviet republics.

Industrial output has tumbled this year and inflation has soared after the government removed most price controls at the start of the year. Unemployment is poised to rise if the government decides to let inefficient, unprofitable firms close.

The economic woes have been accompanied by sharp swings in the value of the rouble.

It traded at about 200 rouble per dollar earlier this year, but rose to around 100 per dollar soon after the government said it would make the rouble convertible. But the currency never reached the target of 80 rouble per dollar.

A new, hands-off approach to central bank intervention could drive the rouble down again.

Japan to extend loans worth \$1.1b to China

BEIJING, July 20: The Japanese government is to extend loans worth a total of 1.1 billion dollar to China in 1992, the China Daily newspaper reported Sunday, says AFP.

The loans are to finance 16 ongoing construction projects and five new ones, including two 300 megawatt thermal power stations in Hubei province and a telecommunications link from Beijing to Shenyang and Harbin, northeast China.

The 137 billion yen (1.1 billion dollar) loan is part of 810 billion yen (5.8 billion dollar) package to be extended by Japan to China between 1990 and 1995, the official English-language daily said. This is the third package Tokyo has granted to Beijing since 1979.

"We appreciate that Japan has increased the amount of loans from what they have been in the past," Ministry of Foreign Economic Relations and Trade official Lu Zhen was quoted as saying.

When Japan agreed the loan package, it stipulated that allocations should be negotiated annually. China received 123 billion yen (977 million dollar) in 1990 and 130 billion yen (1.03 million dollar) in 1991.

The China Daily also reported Kuwait had decided on a loan package of 86 million dollar between 1993 and 1994, to finance four projects, including an express way, a pharmaceutical plant and an airport.

IMF calls for Greek pension system reform

ATHENS, July 20: The International Monetary Fund called for reform in the nearly bankrupt Greek pension system in a report released by the Greek National Economy Ministry, says Reuters.

The report by IMF experts, requested by the Greek government, said pension costs as a percentage of GDP will rise to 24.3 per cent in 2020 from 15.1 per cent in 1990, compared to the OECD average of about 10 per cent.

It said that both long-term and immediate measures were needed to address inherent problems in the system and the fact that demographic developments spelled increasing numbers of retired Greeks in the future.

The IMF steered clear of advising specific policy measures but said one way of reaching this target would be to raise the average retirement age from 63 to 65 and cut benefits, it said.

However, Philippine Commercial International Bank President Rafael Buenaventura predicted the peso would hit the 24,000 level by August.