

BRIEFS

UN for flexible reforms in E Europe
LONDON, July 24: Eastern Europe should reject dogmatic economic liberalism just as it rejected the dogma of socialism, said a Senior Adviser to the UN Economic Commission for Europe.

Lanka to hold textile exhibition in Japan
COLOMBO, July 24: Sri Lanka will hold an apparel and handloom exhibition in Japan this month in a bid to promote its textile product there.

Singapore compelled to import workers
SINGAPORE, July 24: The strong construction demand is forcing the Singapore government to review its labour policy and to allow more foreign workers in construction sector.

Violence halts food supply to Juba
NAIROBI, July 24: Heavy fighting has halted emergency food flights to hundreds of thousands of starving people in southern Sudan's capital of Juba.

Brazil oil workers plan to strike
RIO DE JANEIRO, July 24: Workers at Brazil's state-controlled oil monopoly Petrobras Brasileiro Sa (Petrobras) were voting on whether to strike for two hours Friday to protest salary payment delays.

Grain harvest in Russia lower
MOSCOW, July 24: Russia's 1992 grain harvest was well behind 1991 levels by July 20, but yields were above last year.

4,000 Bosnian refugees safe
TURANJ (Croatia), July 24: A convoy of 4,000 bedraggled Bosnian refugees, safe from the worst horrors of ethnic cleansing, limped into this front-line town at the end of the first humanitarian corridor through Serb-held territory.

OPEC will raise price to \$25 a barrel

ANCHORAGE, (Alaska), July 24: Prices for oil from the Organisation of Petroleum Exporting Countries (OPEC) will rise to 21 to 25 US dollar per barrel through the 1990s OPEC Secretary General Subroto predicted, reports Reuter. The price increase will come from increased demand fuelled by growth in developing nations.

conference sponsored by OPEC and the University of Alaska Anchorage. He said he could not confirm recent reports that the US and Saudi governments made deals to keep prices low to help US industry and bolster total Saudi output. But he doubted such a deal could be effective, even though Saudi Arabia is OPEC's top producer. There is no one party or two parties to set the price of oil, he said. The price is set by millions of decisions in the market. Even if US and Saudi officials did make a part on oil prices, OPEC would impose no punishment, he said. Two sovereign states making a bilateral deal, this is outside the cover of OPEC, he said. Subroto and other OPEC officials blasted proposals for a carbon dioxide tax—an plan environmentalists have suggested to reduce demand for fossil fuels and encourage new energy sources.

We in OPEC reject this proposed measure as unjust, said Subroto. In our view—and here, I think, we speak for the rest of the oil industry as well—oil is already over-taxed. In many industrialised countries well over half the revenue from a barrel of gasoline to the government in the form of taxation. S A Al-Fathi, head of OPEC's energy studies department, said earlier, in the day that environmentalists' calls for a 20 per cent carbon dioxide emission cuts jeopardise OPEC. Oil prices unmoved despite threat to Iraq Another report from London adds: Judging by an interaction to new western sabre-rattling against Iraq, the oil industry has finally learned not to lose its head when assessing risk in the Middle East. Prices have barely moved amid talk of possible air strikes by the United States

and allies. Iraq itself sells scarcely any oil, having been under a United Nations embargo since it invaded Kuwait in August 1990. There is no oil to lose, said Peter Nicol who follows the petroleum industry for Warburg Securities in London. But time was when a whiff of trouble anywhere in the Middle East Gulf would kick off futures prices sharply higher. Expectations were that jitters—if nothing else—about safety of supply from a region which was regarded as one big tinderbox would prompt refiners to scurry to build stocks. Saudi Arabia's ability to keep the tankers moving throughout the 1991 Gulf War, even when under Iraqi missile attack, altered the old perceptions. The 40 dollar barrel was a short lived phenomenon. And this week now trading at around 20 dollar, crude oil hardly reacted when the

United States, Britain and France warned Iraq of serious consequences if it persisted in obstructing UN efforts to search for material related to its weapons programme. Prices were more sensitive to rumours on Tuesday that Iraqi President Saddam Hussein might have been assassinated. They dipped on a prospect that if Saddam were no longer in charge in Iraq the standoff with the United Nations would end leading to the removal of the 1990 embargo and a risk of surpluses in the market as Iraqi crude oil began to flow again. Petroleum industry analysts said that if an allied strike against Iraq were judged likely to hasten Saddam's exit it might actually have a bearish impact on prices after the inevitable—probably modest—knee-jerk upwards. People are worried about Iraqi oil coming back, said Warburg's Nicol. Anything that brings about a change of regime...

US-Japan pacts won't narrow trade surplus

TOKYO, July 24: Japanese and US negotiators can sign pacts until their pens run dry when they meet next week but it won't stop Tokyo's trade surplus being an indelible blot on the financial landscape right into the 21st century, reports Reuter. Japan's gigantic surplus showed signs of narrowing in the late 1980s but economists said on Wednesday they were resigning themselves to a hefty Tokyo surplus with the rest of the world at least through the end of the century. The surplus is here for a long time, although the pace of growth will slow, said Mineko Sasaki-Smith, head of research at Credit Suisse. After seeing Japan's bulging trade gap last year, she and other economists say the surplus could well fluctuate between 50 and 100 billion dollar each year through the year

2000. The possibility of a prolonged trade imbalance raises tricky questions for American and European policymakers who are expected to sharpen their attack on Japan. Negotiators will meet on July 28 and 29 in Tokyo to make a report evaluating last year's progress in meeting agreements made in Structural Impediments Initiative (SII) talks in 1990. The SII talks opened in 1989 as a forum to look for ways to reduce the large trade imbalance between the two countries. Japan promised steps to open its markets and spur consumption, while the United States vowed to make itself more competitive. Japan has been able to limit growth in its surplus with the United States, but the gap with the world is expanding at a record-setting pace.



FROM DERELICTION TO DIGNITY: The development of the docks to the east end of London began in 1899, continuing over the next 30 years. What was once a residential area was engulfed by massive warehouses and huge expanses of water created to accommodate hundreds of ships and their loads. —LPS photo

EC will cut budget to form special fund

BRUSSELS, July 24: European Community budget ministers agreed to cut spending next year by 123 million ecu and put on ice a special fund for the community's poorer members, an EC Commission spokesman said, reports Reuter. After a day of haggling over the scope of the proposed cuts and specifically the so-called cohesion fund to help Greece, Portugal, Ireland and Spain drag their economies into line with their richer neighbours—the ministers decided to cut total 1993 spending to 62.9 billion ecu from just over 63 billion ecu this year. They also agreed to trim commitments taken on for 1993 to spending in future years to 65.7 billion ecu. In 1992 that figure was 66.6 billion ecu. Diplomats said the final agreement, still to be passed by the European Parliament, was reached against the united opposition of the cohesion fund countries who were only one vote short of being able to block agreement.

New clothes safe from ultra-violet light

TOKYO, July 24: Traditionally keen to maintain their pale colouring, the Japanese have found a new way to keep the sunlight at bay—clothing specially designed to protect against ultra-violet light, reports AFP. Introduced in a small wagon to the market last summer, the clothing has now taken off with new products appearing all the time including umbrellas, swimming costumes, hats, jackets, shirts and even curtains. An officials at the Takashimaya department store in Tokyo said sales had risen 50 per cent this summer compared with last summer, despite the economic recession here. Other large stores have seen similar results particularly in sales of sports goods. Manufacturers say their clothing has been specially treated to ensure 95 per cent protection against ultra-violet light, which can cause skin cancer, compared with between 30 per cent and 90 per cent protection afforded by normal clothing. The various techniques used to produce the clothing include kneading the cloth fibres with sunlight reflection articles or treating the fabrics at the dyeing stage with ultra-violet blocking chemicals. But some manufacturers are not completely convinced about the new fabrics. With pale skin traditionally considered a sign of beauty, the Japanese in the late 1980s rushed to buy up new protective creams. Products ranging from simple sunblocks to creams that claimed to whiten skin amaze by the sun sold out here, as did more exotic products like a watch that measured the intensity of ultra-violet rays and an alarm that sounded when a certain level of ultra-violet light was reached. The fashion for pale skin will continue, a spokesman for the top Japanese Cosmetics Company Shiseido said. But some experts said concerns over ultra-violet light were exaggerated. Ordinary clothes are generally sufficient to prevent sunburn, explained Shigo Ikeda, a Professor of Dermatology at the Saitama Medical School.

Second largest computer co faces \$1.8b loss

BOSTON, July 24: Digital Equipment Corp. reported a record 1.8 billion dollar loss Thursday for the latest quarter, including an enormous one-time accounting charge to cover the cost of job cuts and plant closings, reports AP. The computer company, based in Maynard, Mass., blamed the results on weak revenues, which were hurt by the recession and price competition across the industry. The loss for the three-month period that ended June 27, equal to 14.76 dollar per share, compared with a loss of 871.3 million dollar, or 7.08 dollar per share, in the same period last year when Digital embarked on another expensive cost-cutting programme. Sales for the period, which was Digital's final quarter of its fiscal year, totaled 3.9 billion dollar, a 1 per cent drop from dollar 3.94 billion during the same time last year. The magnitude of the loss added to the sense of turmoil at the world's second largest computer maker, which is changing leadership after a 35-year reign by company co-founder Kenneth Olsen. Olsen abruptly announced last week he was stepping down as Digital president, after coming under fire in recent months. We face an economic slowdown in virtually every major geography, particularly in Europe and Asia, Olsen said in a statement. We are taking actions designed to increase revenues, increase market share, reduce costs and improve our efficiency.

Congress blames VP Singh for bond scam, demands resignation

NEW DELHI, July 24: The Congress-I today demanded the resignation of the former Prime Minister, V P Singh from the Lok Sabha citing reports that the multi-crore stock scam started during the national front government, reports PTI. A party spokesman, V N Gadgil, told reporters that Singh, who always talks of "value based politics" should own moral responsibility for the failure of the government to unearth the scam despite a letter written by the then JD Secretary, Shantilal Patel, to the then Finance Minister, Prof Madhu Dandavate. Gadgil said that the national front government appar-

ently did not make any inquiry or took any action despite two letters from Patel to Prof Dandavate. Asked whether by the same yardstick he would demand the resignation of the present Finance Minister, Dr Man Mohan Singh for allowing the scam to continue, Gadgil parried the question. 6 scandal suspects get bail Reuter adds from Bombay a special Indian court has freed on bail five stockbrokers and a bank official charged with involvement in a billion dollar securities scandal. The court, set up to try 26

people charged in connection with the scandal, rejected a plea by the Central Bureau of Investigation (CBI), which is investigating the scandal, to keep the five brokers in jail until August 5. At a separate hearing, the court released on bail an official of the Canbank Mutual Fund, a subsidiary of the state-owned Canara Bank. Meanwhile AFP adds the amount of money involved in India's massive bank scam may be closer to 1.7 billion dollar rather than the 1.2 billion dollar officially reported, a newspaper said Thursday quoting investigators.

Budget deficit can exceed projected \$ 3.8 b in China

BEIJING, July 24: China's finance minister warned Thursday that the budget deficit could soar beyond the projected 20.8 billion yuan (3.8 billion dollar) if the government doesn't cut spending, reports AP. Money-losing state industries and high government spending pushed last year's budget gap to a record 20.3 billion yuan (3.7 billion dollar)—China's 11th deficit in 12 years. This year, revenues grew by 23 per cent in the first six months to 162.3 billion yuan (29.7 billion dollar). Finance Minister Wang Bingqian told a national meeting on financial work. But he said that would pay for just 43 per cent of the year's government spending, the officials Xinhua News Agency reported. That indicated a budget of about 386 billion yuan (71 billion dollar), with a deficit of about 5 per cent—a far smaller proportion than the giant shortfalls of such western nations as the United States or Italy. Domestic spending stood at 143.9 billion yuan (26.3 billion dollar), 37 per cent of the year's total and 12 per cent higher than a year ago, Wang said. He cautioned that spending in some state departments and localities was rising too rapidly and could threaten any gains in rising revenue.

Central bank chief blasts Russian monetary reforms

MOSCOW, July 24: The conservative new chairman of the Russian Central Bank said in an interview published Friday that the government's priorities are confused and criticized some of its free-market reforms, reports AP. Viktor Gerashchenko joined the increasingly loud chorus of conservative voices arguing for more gradual reforms as opposed to the shock therapy recommended by Western advisers and initially endorsed by President Boris Yeltsin. Gerashchenko was quoted as telling Nezavisimaya Gazeta (the Independent Newspaper) he favours low-interest loans to key state industries, opposes privatisation and doubts the ruble will be made fully convertible in the near future. Gerashchenko, former head of the Soviet State Bank, was named acting chairman of the Russian Central Bank last week by the Communist-dominated parliament. Yeltsin approved the choice, which awaits final ratification. His appointment comes at a time when the government is already backing off— at least temporarily—from some of its reforms, continuing to print money, allowing the budget deficit to balloon and refusing to raise oil and gas prices to world levels. Gerashchenko replaced Georgy Matyukhin, who advocated strict control over the growth in Russia's money supply. Matyukhin resigned, citing poor health, the euphemistic excuse for falling into political disfavour. Nezavisimaya Gazeta para-

phrased Gerashchenko as saying he is opposed to using Russia's scarce foreign currency reserves to prop up the value of the ruble. The money could be better used to service the foreign debt, estimated at between 68 billion dollar and 74 billion dollar, he said. The ruble plunged following Gerashchenko's appointment and the bank's decision to play a less active role in the twice-weekly foreign currency auctions that determine the ruble's exchange rate. Gerashchenko said earlier this week that the Central Bank has spent 500 million dollar so far this year to bolster the ruble, now trading at 155.7 to the dollar. Gerashchenko also has been backing away from government pledges to make the ruble freely convertible later this year. The currency now can be freely bought and sold inside Russia, but controls remain on its removal from and sale outside the country. Nezavisimaya Gazeta said Gerashchenko believes the government's "main flaw" is the lack of clear-cut priorities. For example, he said, the battle against galloping inflation sometimes ignores industry's needs. He advocates low-interest loans to "socially important" branches of the economy, such as the construction industry. The Central Bank now charges about 80 per cent interest on its loans, exorbitant rates by Western standards, but necessary in Russia where inflation runs more than 300 per cent.

Dull economy shakes Americans

WASHINGTON, July 24: It's not just the surge in unemployment that has shaken Americans' confidence and kept them from borrowing and spending their way out of the economic slowdown, Federal Reserve Chairman Alan Greenspan said Wednesday, reports AP. It's also a deep-seated foreboding about their children and grandchildren's future, he said. Greenspan, appearing for the second consecutive day before a congressional panel, said American pessimism is deeper than current economic conditions warrant. As consumers work off the debt load accumulated during

the long economic expansion of the 1980s, "a goodly part of the fear and concern that a lot of people have... will disappear and confidence... will re-emerge." Greenspan told the House Banking subcommittee on domestic monetary policy. But, something more is behind the sense of unease many Americans feel, he said. "It's not the short term... (It is) to a large extent a concern about whether or not their children and grandchildren will have standards of living comparable to our own. It's an extremely deep-seated type of concern," he said. "That, I think, is what I find most disturbing about the na-

ture of confidence at this stage," he said. Greenspan's worry for the economy's long-term course stands in contrast with the mildly upbeat near-term forecast he delivered to the Senate Banking Committee on Tuesday. In its midyear report to Congress, the central bank predicted the economy, as measured by the gross domestic product, will grow by around 2.5 per cent this year and by almost three per cent in 1993. That should gradually bring down the unemployment rate from an eight-year high of 7.8 per cent last month to around 6.5 per cent at the end of next year.

Environmentally conservation and development should be pursued in tandem" he said, warning that the use of official aid "for military purposes or for aggravation of international conflicts should be avoided." Kakiwaza said Japan will monitor recipient countries military expenditures, development and production of mass-destruction weapons and missiles, export and import of arms, he warned. "Developing countries should place appropriate priorities in the allocation of their resources on their economic and social development," he said. The Japanese statement di-

Japan, EC set conditions for future aid to ASEAN

MANILA, July 24: Japan and the European Community pressed non-communist Southeast Asian Nations today on human rights, linking future aid to compliance with adherence to democratic and free-market principles, reports AFP. Japanese Vice Minister Koji Kakiwaza and British Foreign Minister Douglas Hurd, whose government holds the EC presidency, insisted on the linkage despite protestations from the Association of South-East Asian Nations (ASEAN). The two officials were taking part in a dialogue between the six-member ASEAN and seven major trading partners. Kakiwaza said Japan, Southeast Asia's largest aid donor,

intends to continue its active efforts on official development assistance" but will consider human rights and military spending by recipient countries. ASEAN groups Brunel, Indonesia, Malaysia, the Philippines, Singapore and Thailand, which have achieved varying degrees of democracy. "Full attentions would be paid to efforts for promoting democratization and introduction of a market-oriented economy and the situation regarding the securing of basic human rights and freedoms in the recipient countries," Kakiwaza said. "We seek full understanding by the Asian countries on the

above. Environmentally conservation and development should be pursued in tandem" he said, warning that the use of official aid "for military purposes or for aggravation of international conflicts should be avoided." Kakiwaza said Japan will monitor recipient countries military expenditures, development and production of mass-destruction weapons and missiles, export and import of arms, he warned. "Developing countries should place appropriate priorities in the allocation of their resources on their economic and social development," he said. The Japanese statement di-

rectly contradicted an ASEAN joint communique on Wednesday rejecting donor nations' moves to tie economic aid to human rights and environment concerns. Hurd conceded that human rights was a "sensitive" issue for ASEAN, but maintained that "this issue will not go away." "It is an integral part of the understanding between peoples and their governments within societies and between states. An understanding of this ensures the stability of a society and creates circumstances for economic prosperity," he said. "We are not talking of the imposition of the values of one section of the world on another with differ-

ent values. We are talking about an understanding of shared values and agreement on how they can be applied." He said respect for human rights, "is now recognized as an essential element in international relations." He indicated the EC was particularly interested in the case of Myanmar which has been ruled by a ruthless Junta since 1988. ASEAN's communique on Wednesday said "environmental and human rights concerns should not be made as conditionalities in economic and development cooperation." "Human rights while universal in character, are governed by the distinct culture

and history of and socio-economic conditions in each country and that their expression and application in the national context are within the competence and responsibility of each country," the communique said. ASEAN also warned that it would rebuff any attempt by the west to force the group to take a hardline stance on Myanmar opting for quit "engagement" instead to bring the isolated country back to the international mainstream. Thai Foreign Minister Arsa Sarasin said Wednesday that "we have the Asian way to resolve this problem. We feel our way is the better way."

Dollar firm against yen TOKYO, July 24: Prices on the Tokyo Stock Exchange plunged sharply Friday morning as expectations of quick government action to prop up the sagging stock market faded. The US dollar firmed against the Japanese yen, reports AP. The 225-issue Nikkei Stock Average ended morning trading down 520.57 points, or 3.25 per cent, at 15,519.37. The Tokyo Stock Price Index of all issued listed on the first section shed 24.08 points, or 1.96 per cent, to end the morning at 1,203.74. The TOPIX rose 22.07 points, or 1.83 per cent, the previous day.