

UN sanctions against Iraq to continue

UNITED NATIONS, July 28: The Security Council carried out a periodic review of its sanctions against Iraq on Monday — the day after a serious confrontation between Baghdad and the United Nations was defused — and to nobody's surprise the curbs were left intact, reports Reuters.

The sanctions, which include a ban on the sale of oil, Iraq's prime economic resource, were imposed shortly after Iraq invaded Kuwait in August 1990.

The council has done nothing to ease the wide-ranging curbs after each previous review, conducted every 60 days and there had been no likelihood of any change.

But this was, if possible, even more remote now since the review came only a day after intensive diplomacy, and the threatened use of force by members of the United States-led Gulf War coalition, ended

the most serious confrontation between Iraq and the United Nations since the war ended early last year.

The crisis was sparked by Iraq's refusal on July 5 to allow UN weapons inspectors to enter the Baghdad agriculture ministry to search for material believed related to its missile, and possibly nuclear warhead, programmes.

The UN team, comprising experts whose job is to find and scarp Iraq's weapons of mass destruction, was withdrawn after campaign outside the building for 18 days.

The crisis ended on Sunday when Iraq agreed to allow a new team, headed by a German rather than an American, to search the ministry. The team is due in Baghdad on Tuesday.

None of the UN weapons experts scheduled to enter the building will be nationals of countries that fought against Iraq during the war, though

the team includes two Americans who will remain outside and examine any material found by their colleagues.

Another report from London adds: Weekend compromise between Iraq and the United Nations on weapons inspections hit oil prices on Monday.

London September futures for the world benchmark crude oil North Sea Brent blend, dipped as low as 20.45 US dollar per barrel — down more than 25 cents from Friday — before a partial rebound.

Petroleum prices ran up last week on concern that the United States might lead new air strikes against Iraq if Baghdad failed to comply with UN requirements.

Iraq's own oil is shut in by an UN embargo, which was imposed after it invaded Kuwait in 1990. But traders worried new hostilities might generally raise tension in the Middle

East.

Prices gave up the gains on Monday after Iraq and the United Nations reached an accord on weapons inspections and the market focus returned to the prospect of sluggish petroleum demand in the weak economies of the United States and Europe.

Brokers added, however, that a continuing war of worlds between Baghdad and Washington kept a floor under prices.

Iraq restores oil refining capacity

Meanwhile AP adds: Iraq has restored its oil refining capacity to 80 per cent of its capacity before the Gulf War, an industry newsletter says.

The report in the July 20 edition of Petroleum International Weekly, published in New York, said that seven plants are in operation and

were producing one-half million barrels a day.

The newsletter said Iraq apparently had 50,000 barrels per day available for export although UN sanctions prohibit it from exporting oil.

Petroleum intelligence Weekly said its reporter, Anne-Marie Johnson, spent nearly three weeks in Iraq, visiting most of the major oil facilities.

The newsletter said Iraq's refining capacity was up to 690,000 barrels per day in 1991 before the massive bombardment by the US led coalition.

The 92,000 barrel-a-day Dorah plant, near Baghdad has operated at full capacity since December, despite suffering heavy damage during the first days of the allied offensive, Petroleum Intelligence Weekly said.

The Dorah plant is providing the bulk of its fuel to greater Baghdad, which has been largely cut off to outside

petroleum supplies by the international economic embargo.

Also identified as running at its full prewar capacity is the 290,000 barrel-a-day Baiji complex of three refineries in northwestern Iraq, which was hit by air strikes in late January and early February 1991. The newsletter said that only the lubricants unit was operating below prewar levels.

But storage remains a big problem at Baiji, as 51 of 117 original storage tanks were reportedly damaged beyond repair.

The facility at Baara, Iraq's main port, is operating at less than half of its prewar 140,000 barrel levels, the report said.

The report indicated that the rebuilding effort entailed extensive cannibalization of parts from bombed-out facilities — notably from the small southern refinery of Samawa, which was irreparably damaged in the raids — and a near-total exhaustion of spare-parts stores.

US welcomes Japan's discount rate cut, seeks fiscal measures

TOKYO, July 28: The United States welcomes the Bank of Japan's (BOJ) cut in its discount rate but wants Tokyo to take fiscal steps to boost its economy and ensure Japan acts as an engine for world recovery, a US official said on Monday, reports Reuters.

The BOJ said on Monday that it was cutting the official discount rate by 0.5 percentage points, to 3.25 per cent, to stimulate the flagging Japanese economy.

"We welcome the step and think it will make a positive contribution to Japan's performance," Assistant Secretary of the Treasury Olin Wethington told a news conference in Tokyo.

A weak Japanese economy was also dampening world economic growth, he added. "It is important that Japan be a stimulus for global recovery."

BRIEFS

World population reaches 5.5 billion

BANGKOK, July 28: The world population is estimated to have reached 5.5 billion as of mid-1992, growing at a rate of 1.7 per cent per annum. It will increase by 93 million during 1991 and will have increased by nearly 750 million (14 per cent) to 6.2 billion by the end of the century. The press release of Information Service of UN available here Tuesday said that these figures are given in the recently released 1992 revision of the official United Nations population estimates and projections, prepared by the United Nations Population Division of the Department of Economic and Social Development, reports Xinhua.

EC ministers agree on mandatory VAT

BRUSSELS, July 28: European Community ministers agreed Monday on a mandatory 15 per cent minimum value-added tax rate for four years starting in January, officials said. In an apparent climb-down by Britain the ministers also agreed they would later set a minimum Community VAT rate from 1997 on, an EC official said. A British spokesman, however, would not confirm whether Britain had agreed to extend Community authority on VAT rates beyond 1997, reports AP.

Iraqi traders punished for profiteering

NICOSIA, (Cyprus), July 28: The government of President Saddam Hussein has been punishing businessmen for profiteering from the UN sanctions against Iraq, a Baghdad newspaper said Monday. Measures taken by the government against some traders who manipulate the people's food were taken, to put an end to the greed displayed by those who lost their patriotism and sense of responsibility," Al-Thawra newspaper said. The paper, the organ of the ruling Baath party, said traders who have sharply raised prices "have joined the enemy and tried to plunder people's foodstuffs and exploit Iraq's present circumstances resulting from the unjust blockade," reports AP.

Malaysian Judge suspends court order

KUALA LUMPUR, July 28: Malaysian Chief Judge Hamid Omar has suspended a court order shutting a Malaysian-Japanese joint venture company accused of spreading radioactive waste, court officials said on Tuesday. Hamid issued his ruling on Friday pending a hearing on an appeal against the closure by Asian Rare Earth (ARE) which is 35 per cent owned by Japan's Mitsubishi Kasei Corp. The appeal starts in the Supreme Court on August 3, reports Reuters.

Banks, brewery penalised in US

WASHINGTON, July 28: The New York office of France's Credit Lyonnais and a US bank and a brewery have paid penalties for violating the US economic embargo of Libya, the government said Monday. Bank of New York paid a civil penalty of 225,000 dollar to settle 174 violations, including fund transfers to Libya, said the Treasury's Office of Foreign Asset Control. The Credit Lyonnais branch paid 92,400 dollar the US brewing giant, Anheuser-Busch, paid a penalty of 25,000 dollar for three attempts to export beer through Malta to offshore Libyan-owned oil rigs, reports AP.

Lloyd's chairman plans to quit

LONDON, July 28: Lloyd's insurance market chairman David Coleridge announced on Monday that he would not be a candidate for a new term as chairman in the wake of huge financial losses and unprecedented conflict among members. At an extraordinary general meeting, Coleridge introduced his candidate to succeed him, David Rowland, current chairman of Sedwick Group (insurance brokerage), reports AFP.

Bata India to increase equity

NEW DELHI, July 28: Shareholders of Bata India have approved a proposed increase in equity by the Swiss company leader AG from 40 to 51 per cent, reports said here Monday. At an extraordinary general meeting in Calcutta on July 24 the giant shoe company's shareholders approved the increase through the issue of 4.7 million new equity shares, the business and political observer newspaper said, reports AFP.

Shares finish mixed, dollar falls in Tokyo

TOKYO, July 28: Share prices on the Tokyo Stock Exchange were mixed in thin trading Tuesday after hitting another six-year low the previous day despite a cut in interest rates. The US dollar finished lower against the Japanese yen.

The 225-issue Nikkei Stock Average gained 53.30 points, or 0.35 per cent, closing at 15,426.64. The average lost 124.45 points or 0.80 per cent Monday, falling to its lowest level since April 17, 1986.

The Tokyo Stock Price Index of all issues listed on the first section, which lost 10.61 points or 0.88 per cent Monday, shed another 3.35 points, or 0.29 per cent.

An estimated 170 million shares changed hands, down from Monday's 227 million shares.



APPLETON, Wisconsin: US President George Bush (L) shakes hands with supporters, on Monday after arriving at Dutagamie country airport. President Bush emphasized his role in the latest confrontation with Iraqi President Saddam Hussein. — AFP/UNB photo

Ramos call to enact measures for economic discipline

MANILA, July 28: President Fidel Ramos called in speech before Congress for harsh and politically unpopular measures to bring some discipline to the chaotic Philippine economy, reports AFP.

Ramos told newly-elected legislators that the Philippines needed new taxes, continued fiscal and monetary discipline, a depreciation of the local currency and the streamlining of government.

He also vowed to rebuild the Philippine economy by liberalizing it further, spending more on infrastructure and on

helping the poor.

In his first state-of-the-nation speech before a Congress that was elected with him last May, Ramos admitted that the country faced many problems such as sharp disparities between rich and poor, widespread poverty and growing unemployment.

In order to reverse this, he promised to spur foreign investment and exports by liberalizing trade and investment regulations and by abolishing controls on foreign exchange.

He said this would mean "adopting a more realistic for-

eign exchange rate," a signal that the Philippine peso, which is widely considered to be overvalued, would be allowed to depreciate.

He also promised to spend more for infrastructure and on providing assistance to the poor, adding that his administration would implement "positive discrimination to lift them up."

Yet at the same time, he also called for "continued fiscal and monetary discipline," even as he promised to keep the budget deficit "within manageable and allowable levels."

He also said that the government could engage in these new expenditures while keeping inflation at the single-digit level and bringing down interest rates.

Ramos admitted that "we cannot make do with our present revenue base. Development has a price that must be paid," adding that he would submit, "a set of revenue proposals that will enable us to pay this price equitably."

He also called on Congress to pass a law allowing him to streamline the government.

Malaysia urges bankers to assist uplift of Islamic world

KUALA LUMPUR, July 28: Malaysia Monday called on Islamic bankers to formulate urgent strategies that could provide the momentum for economic take-off in poor Muslim nations to liberate millions of people from poverty, reports AFP.

Finance Minister Anwar Ibrahim said Muslim bankers must devise more financial instruments and coordinate plans to assist the socio-economic development of the Islamic world.

"We have to focus on efforts to create wealth and promote economic development in

some of the most underdeveloped Muslim countries," Anwar said when opening a meeting of 31 experts on Islamic banking from the countries of the Organisation of Islamic Conference (OIC).

Malaysia is hosting the three-day meeting of the OIC's expert group on Islamic banking for the first time since the group was established in 1980.

Anwar said Muslims in Sub-Saharan Africa and some parts of Asia were the worst afflicted by famine, disease and extreme poverty.

"We would like to see greater collaboration and ex-

changes among the existing Islamic financial institutions not only to facilitate the movement of capital but also expertise," he said.

There are now about 70 Islamic financial institutions operating in some 45 countries.

More than 100 million Muslim children still lacked access even to primary education, Anwar said.

"It is the process of wealth creation that will provide some hope to liberate millions of Muslims from the vicious cycle of poverty," said Anwar, who was instrumental in establish-

ing bank Islam in 1983 as well as the setting up of the international Islamic University in Malaysia.

In Malaysia, Islam is the official religion and Muslims make up more than half of the country's 18 million population.

Analysts said for Islamic banking to be viable, Muslim bankers must venture beyond equity financing and non interest-based operations into debt financing and other new instruments to be able to compete in the financial markets.

Islam forbids interest-based lending and borrowing operations.

Stocks fever grips inhabitants of Shanghai

SHANGHAI, July 28: Sun Hongzhi traces his interest in stocks to the night he watched a videotape of "Wall Street," Hollywood's tale about ruthless, money-hungry traders, reports AP.

"Those people, they could make their own decisions," said Sun, 26, an engineer's assistant. "I thought that I would like the chance to make my own decisions, use my own ideas and make money."

Sun now spends part of every day trading his small portfolio of stocks on Shanghai's tiny, 18-month-old market, the Communist regime's latest concession to economic realities.

For years, authorities denounced stocks as capitalist and stock trading as speculative. But China's ambitious development programme demands more cash than the government has. Ordinary Chinese have more than one trillion yuan 183 billion dollar in savings, a huge investment kitty waiting to be tapped.

The Shanghai Securities

Exchange is still a pale imitation of the city's thriving pre-Communist market.

But the action is exciting enough for China's proletarian investors, accustomed to keeping money in low-interest bank accounts or even mattresses.

"On the bus, in restaurants, in offices, in workshops, even if the don't buy shares, they are talking about it," said Pan Shuming, 47, an engineer and stock investor.

"But now there are not enough stocks and not enough trading places, so sometimes there is turmoil because people fight to get a chance to place their orders," he said.

The exchange floor, in a renovated ballroom in a hotel that saw better days before the Communist takeover, is calm, even quiet.

Representatives of 24 member brokerage firms sit before computers and take telephoned orders to buy or sell the exchange's 15 listed stocks. The number of stocks is expected to increase to 60 by year's end, including several

special shares issued exclusively for foreign investors.

Off the trading floor, things are less orderly. New stock issues draw tens of thousands of would-be buyers to brokerage houses, lining up for days for a chance to buy.

Because demand far exceeds the small number of shares available, authorities developed a system when the market opened in late 1990 of selling tickets for drawings to decide who can buy shares.

Violence sometimes erupts. Four people were injured in one melee.

China's only other legal stock market, in the southern city of Shenzhen, also has copied the lottery method. Unauthorized markets recently began operating in two other cities.

Qi Li, an assistant director at the Stock Exchange Executive Council in Beijing, estimates that one million people — one out of every 13 Shanghai residents — have played the Shanghai market so far.

Many Chinese consider stocks a sure way to "make money, believing that since the government allows only a few companies to list, they must be the best.

It's hard to test that theory, because accounting and reporting methods at Chinese companies, long used to operating in secrecy, fall far short of international standards.

Because most stocks on the Shanghai and Shenzhen exchanges have gained in value since being listed, investors aren't used to the idea that prices sometimes fall. One disappointed Shanghai investor handed himself in May after losing 6,449 yuan 1,172 dollar.

Already there have been charges of price manipulation by a brokerage firm. The city government said it was investigating.

"We think that although there are some problems, we will develop further and we can avoid some tragic things," said Wu Yalun, assistant general manager. "We can give

guidance, provide education on stocks and raise the quality of the investors."

The investors are developing their own trading strategies.

Zhang Yi, 32, said he tries to figure out if others are going to buy or sell.

"Knowledge about stocks or certain companies is not important," he said.

Pan, the engineer, makes daily graphs of price fluctuations to spot trends.

"For a lot of people, this is just gambling or guessing. So far, I have had success and I think I have a good theory, so I don't worry about losing money," he said as he watched stock prices flash on an overhead electronic board at a brokerage crammed with traders and curious Chinese.

Another investor, Sun Mingho, laughed when asked if getting rich contradicted the spirit of China's socialist system.

"Now we don't argue this issue," Sun said. "We just do our business. People think of money, nothing else."

Arms sales to Third World falls, study says

WASHINGTON, July 28: A new congressional study says conventional arms sales to the Third World fell in 1991, due in part to declining sales by the former Soviet Union, China and the United States, reports AP.

The Congressional Research Service (CRS) report says the 1991 value of all arms transfer agreements with the Third World, 24,700 million dollar, as the lowest annual total in seven years.

Additionally, the value of weapons deliveries to the Third World, 18,400 million dollar, dropped for the fourth year in a row and is the smallest amount measured between 1984 and 1991.

Overall declines in sales were prompted by political transitions resulting from the end of the Cold War, including the disintegration of the Soviet Union, and from the loss of Iraq as a market because of the United Nations embargo. The end of the Iran-Iraq war and

"the winding down of other regional conflicts" contributed to the declines, according to the report.

Soviet arms transfer agreements with the Third World dropped significantly from 11,800 million dollar in 1990 to 5,000 million dollar in 1991. The decline can be largely attributed to the fact that grant military assistance to key arms clients has been terminated. While arms agreements with Iran have increased, Iraq is no longer a major purchaser.

Chinese sales also dropped dramatically from 2,200 million dollar in 1990 to 300 million dollar the following year. The CRS report indicates that Chinese arms agreements fell in 1991 when the then Soviet Union replaced China "as Iran's preferred arms supplier."

US arms transfer agreements with the Third World fell from \$19,100 million in 1990 to 14,200 million dollar in 1991.

Bombay bond scam

Bonafide buyers' shares to be released from attachment

BOMBAY, July 28: Shares purchased by the bonafide buyers for value would be released from attachment by the Income Tax (IT) Department and the custodian under a formula, certified Tuesday by special court judge Justice SN Variava, signalling an end to the impasse on tainted shares' which has crippled the stock exchanges following the multi-crore securities scandal, reports PTI.

Justice Variava, presiding over the court on trial of offences relating to transactions in the scam, passed his order after the Attorney General of India, G Ramaswamy, submitted the formula worked out in consultation with the parties concerned including government departments, to pave the way for restoration of normalcy in the stock exchanges.

The Attorney General told the court, both would abide by the formula and the attachment by the custodian and the IT Department would be released pursuant to the court's order.

The stock exchanges of Bombay, Delhi and Calcutta had filed the petitions before the court in the wake of the "unfortunate and unprecedented situation" arising out of the fact that a large number of transactions in the shares over the last one year were by persons notified under the ordinance.

Under the formula, a transaction of sale of shares by a notified person either as a registered holder of such shares (whether along or along with others) or as an intermediate purchaser is considered bonafide under stipulations.

Ex-US Secretary to be indicted in BCCI scam

WASHINGTON, July 28: Former Defense Secretary Clark Clifford and fellow Washington lawyer Robert Altman are to be indicted in connection with the BCCI banking scandal, according to The Washington Post, reports AP.

The newspaper reports in Tuesday editions that New York District Attorney Rober Morgenthau is preparing to announce the indictments by a state grand jury this week.

Clifford and Altman are to be charged for their roles in the 1981 takeover in 1981 of First American Bankshare Inc, Washington's biggest bank holding company, by Bank of Credit and Commerce International, the Post said.

Both Clifford and Altman have denied knowing that BCCI illegally controlled First American.

Specific charges could not be determined, the newspaper said. But it quoted unidentified sources as saying investigators have been focusing on whether Clifford and Altman lied when they told regulators that BCCI would have no ownership interest or involvement in the operations of First American.

Carl Rauh, attorney for both Clifford and Altman, declined comment on the forthcoming indictments, the Post reported. A telephone call to his Washington residence late Monday night was not answered.

Spokesmen for Morgenthau and the Justice Department also declined comment, the Post said.

Altman, 45, husband of television actress Lynda Carter, is a former First American executive.

WB loans to Third World totals more than \$21 b

WASHINGTON, July 28: World Bank loans to developing countries totaled more than 21 billion dollar for fiscal 1992 ending June 30, according to a statement released Monday, reports AFP.

Loans from the organization's International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) totaled 21.7 billion dollar, down from 22.7 billion dollar last year.

The IBRD extended 15.2 billion dollar in loans for 112 projects in 1992 and the IDA loaned 6.5 billion dollar for 110 projects, the World Bank said.

Loans from both institutions

to Asia rose from 7.5 billion dollar in 1991 to 8.1 billion dollar in the year just ended. Economic reforms were supported with loans to India, China, Laos and Mongolia.

Loans to Africa increased to nearly four billion dollar in fiscal 1992, some 600 million dollar more than last year. Most of the loans went drought relief in Malawi, Mozambique, Zambia and Zimbabwe.

IBRD and IDA loans to Europe and Central Asia dropped from 3.9 billion dollar in 1991 to 2.1 billion in fiscal 1992. The decline was due mostly to the suspension of new loans to the former Yugoslav federation and policy disputes in Poland.

Thai government starts campaign to restore economic image

BANGKOK, July 28: The Thai government and three leading private business organizations have started worldwide campaigns to rehabilitate Thailand's economy, which was battered by the May political upheaval, reports Xinhua.

The Board of Investment's Assistant Secretary General, Chakramon Pyasakavanich, who is also a member of the committee to restore Thailand's economic image chaired by Prime Minister Anand Panyarachun, told the local press that the campaigns would be launched globally from this month to December this year.

Consumption of coffee, soft drinks hit UK tea auction

LONDON, July 28: Less and less tea is being shipped to London to be sold at a weekly auction which began more than 200 years ago, reports Reuters.

Demand has stagnated in this country but has grown sharply in many others.

"When you get a lot of demand from countries such as Russia, it doesn't make sense from the producers' point of view to send his tea to the London auction because it has then got to be transhipped," one industry source said.

Drought in key producing countries and de-stocking by British blenders due to the recession has exacerbated the long-term decline, with sales down more than 20 per cent

so far this year from a year ago.

Britain lost its status as the world's leading tea importer to the former Soviet Union in the late 1980s as consumption in Britain barely held steady amid increasing competition from coffee and soft drinks.

"Fifty years ago the British drunk a large proportion of the world's tea. Today we still drink a lot of tea but it is only about seven per cent of demand as consumption has risen elsewhere, particularly India and Russia," one trade source said.

The fall in the quantity offered in London has forced British buyers to buy more tea from auctions in producing countries.