

BRIEFS

China thinking of privatisation

HONG KONG, Aug 5: Privatisation is the only way to revitalise loss-making state-run enterprises...

Key US economic gauge weakens

WASHINGTON, Aug 5: The government's chief economic forecasting gauge weakened in June...

Bush advisers reject bill

WASHINGTON, Aug 5: President Bush's senior advisers will recommend he veto the urban aid bill...

US-Iraq defence ties

WASHINGTON, Aug 5: The US Defence Department was considering increased contacts with the Iraqi military...

Russo-Iranian talks on trade

NICOSIA, Aug 5: Iranian and Russian ministers, discussing economic cooperation in Tehran...

Dubai bank expects to recover part of deposit with BCCI

ABU DHABI, Aug 5: The Arab world's biggest Islamic Bank is struggling to weather losses caused by its large investment in them failed Bank of Credit and Commerce International (BCCI)...

Other banks and companies in the United Arab Emirates (UAE), which groups Abu Dhabi and Dubai with five other Gulf Emirates...

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It approved 124 million dirham (3.7 million US dollar) in cash dividend to depositors and set aside 54 million

deposits with DIB, which has several branches in the UAE, Pakistan and other countries, stood at 3.4 billion dirham (926 million US dollar) at the end of 1991 and assets

at 4.04 billion dirham (1.1 billion dollar).

It has shares in about eight local and Arab companies and is currently engaged in post-war rebuilding projects in Kuwait with an estimated cost of around 500 million dollar.

The BCCI problem will affect the performance of DIB in the next few years. But its position is still strong and I don't think its operations will be threatened, a UAE banker said.

OPEC output in July exceeds capacity

BRUSSELS (Belgium), Aug 5: OPEC nations boosted crude pumping in July to some 600,000 barrels a day above their output cap as fears of an Iraqi return to production faded...

The energy agency also reported that oil production in the former Soviet republics appeared to have fallen to 9.1 million barrels a day in June.

Prices for OPEC's crude have been firmer in recent months, nearly hitting the group's target of 21 dollar a 42-gallon barrel.

The average price of a basket of crudes monitored by the cartel was 19.84 dollar a barrel last week, up a bit from the previous week.

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Bush for quick approval of investment treaties

WASHINGTON, Aug 5: The Bush Administration says it wants the Senate to move quickly in ratifying bilateral investment treaties negotiated with Russia and the Czech and Slovak Federal Republic...

McAllister said the Administration would soon be sending to the Senate treaties with Romania and Kazakhstan and that it is negotiating others with Bulgaria, Hungary, Armenia and Kyrgyzstan.

He said that the Administration is finalising a treaty with Argentina, in the advanced stages of negotiations with Bolivia, Costa Rica, Jamaica and Uruguay...

Yeltsin to go ahead with reforms despite strong criticism

MOSCOW, Aug 5: Russian President Boris Yeltsin predicted triumph for his economic policies during a visit to Bulgaria but at home his political foes said reforms were on the verge of collapse...

Parliamentary deputies said Yeltsin showed his confidence by going ahead with his Bulgarian trip after apparently changing his plans to stay in Moscow during the August anniversary of the failed hardline coup.

The year 1993 will bring relief, I am sure of that, Yeltsin said. He said production was falling and people were slipping deeper into poverty.

Yevgeny Molkin of the civic union attacked the government at a news conference today, demanding indexation of wages and regulation of the rouble exchange rate.

But back in Moscow Arkady Volvsky, a leader of the centrist civic union bloc, said in Izvestia newspaper that Yeltsin had no cause for optimism.

Deputies said they had been told Yeltsin was planning a two-week break in the South after his Sofia trip. Underlining his relaxed mood, Interfax news agency said he had left on Monday night with his tennis rackets packed.

Yeltsin's staff said no final plans had been made. Volvsky, strongly backed by the conservative directors of state firms, is jostling for influence over Yeltsin's government with the aim of curbing radical tax and price policies.

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But back in Moscow Arkady Volvsky, a leader of the centrist civic union bloc, said in Izvestia newspaper that Yeltsin had no cause for optimism.

The policies of the reformist government are on the brink of collapse, he said. Immediate and radical changes in social and economic policy are necessary.

Japan may ask for account of firms working abroad

TOKYO, Aug 5: The Finance Ministry is considering ordering listed Japanese companies operating abroad to give a full accounting of their overseas operations, an official said Tuesday, reports AFP.

The move aimed at meeting criticism of some Japanese trading practices. The official said disclosure would help investors and ease trade friction with foreign companies.

But the move would be "gradual" and was unlikely to start before the next business year which begins April 1, he added.

Listed companies whose overseas operations earn 10 per cent or more of total consolidated sales could eventually be required to disclose information on all profits and sales of their overseas subsidiaries, he said.

Japan last week pledged further disclosure of corporate financial information at a meeting of the structural impediments initiative talks with the United States.

Good harvest, growth strengthen rural China

BEIJING, Aug 5: Successive years of good harvests and the healthy growth of rural enterprises have injected vitality into the rural economy in China, reports Xinhua.

According to the state statistics bureau, the total investment in fixed assets in the rural areas was 153.6 billion yuan (about 30.72 billion US dollar last year, 23.4 per cent more than that of 1990).

A sample survey among 69,000 farm households in 10,560 villages located in 30 provinces, cities and autonomous regions done by the bureau shows that the rural economic strength has been greatly enhanced. Of the investment in the countryside in 1991, 49.4 billion yuan came from collective units and 104.2 billion yuan from individual households — respectively 34 per cent and 18 per cent higher than in 1990.

Moreover, the per capita original value of the investment in rural fixed assets reached 1,978 yuan, 19.3 per cent more than in 1990.

Last year rural industrial firms invested 30 billion yuan in fixed assets, 30 per cent higher than in 1990.

The funds were mainly used in the fields of transportation, construction, culture, education and social welfare.

India imported arms worth \$800m in 1991

NEW DELHI, Aug 5: India last year imported 800 million US dollar worth of arms, mostly from the erstwhile Soviet Union, local press reports quoted a US Congressional Research Service (CRS) report as saying, reports Xinhua.

Among the top ten third world arms importers India ranked fourth in 1991. The top three countries which purchased more weapons than India in 1991 were Saudi Arabia (7.1 billion US dollar), Afghanistan (1.9 billion US dollar) and Iran (1.5 billion US dollar).

Between 1984 and 1991, India imported arms worth 20 million US dollar more, a record of sorts of which half was between 1988 and 1991.

The value of all arms transfer agreements with the third world in 1991 was 24.7 billion US dollar, the report said.

Collor struggling against corruption charges

RIO DE JANEIRO, Aug 5: As President Fernando Collor de Mello struggles against corruption charges and increasing political isolation, his economy minister has emerged as the government's new strongman, reports AP.

The soft-spoken Marcilio Marques Moreira has calmed businessmen, bankers and investors worried over a scandal that threatens to topple Brazil's first freely elected president in 29 years.

Moreira is the tent pole, political consultant Alexandre Barros said by telephone from Brasilia the capital. "If he goes, everything collapses."

But now, Collor and Moreira reportedly are at loggerheads over a plan to use federal funds to buy support among lawmakers, who appear headed for a vote on Collor's impeachment.

Moreira, the architect of Brazil's austerity plan, has indicated he would quit if the offers are thrown open. He says doling out federal money would torpedo Brazil's anti-inflation programme and discourage foreign investment.

"For the business community, Collor is dispensable," said Barros. "The important thing is to maintain the economic policy."

Collor has been accused of illegally receiving millions of dollars from Paulo Cesar Farias, his close friend and 1989 campaign treasurer. Farias is under investigation by Congress for graft, influence-peddling and income tax evasion.



BOTTLE VERSUS MONUMENT: An inflatable bottle of Chinese beer competes for dominance over Tiananmen Square with the Monument to the People's Heroes (L) August 3. The beer bottle is part of a China products exhibition which opened at the Revolutionary Museum on the same day. China's nearly 1,000 breweries will produce and sell about 15.36 billion 12-ounce bottles this year, or 15 bottles per capita. — AFP photo

India's Finance Minister rejects opposition resignation demand

NEW DELHI, Aug 5: Indian Finance Minister Manmohan Singh on Tuesday turned down an opposition demand for his resignation over a billion-dollar stocks and securities scandal, saying he was not involved, reports Reuters.

Singh, intervening in a debate to set up a parliamentary committee to probe the scandal that has led to the resignations of two senior officials, cautioned the opposition against making unsubstantiated charges against him.

"I have no skeletons in my cupboard and if you find anything against me give it to the leader of the opposition. Let him decide, Singh told the Lok Sabha (lower house).

The Federal police have arrested 26 people, including stock and securities broker Harshad Mehta, the alleged kingpin of the scandal, on charges of illegally diverting bank funds to the Bombay Stock Exchange to speculate in shares.

Some ministers were involved in the scandal and one even tried to read out a list of their names when Parliament erupted in fury on Friday. He was stopped by the Speaker.

Two senior officials have resigned over the scandal, both in July. Commerce Minister P Chidambaram offered his resignation to Prime Minister Narasimha Rao saying he had bought shares Fairgrowth Financial Services Ltd, a company being investigated for its involvement in the scandal.

Rao promptly accepted the resignation. V Krishnamurthy, a member of the Planning Commission who was a former Fairgrowth Director, also resigned.

Rao has denied his office pressed the chief investigator of the scandal to go slow with his probe against minister and senior official.

"I have ascertained the facts and on the basis of the same, I can state that no officer of the Prime Minister's office had interfered or brought pressure on K Madhavan to go slow with investigations against ministers and senior officers, Rao told parliament on Monday.

Singh said the parliamentary probe team would look into the role of Indian and foreign banks in the scandal, but cautioned against singling out one without sufficient proof.

Singh, is piloting an ambitious economic reforms plan has been described by the opposition as a stooge of the World Bank and the International Monetary Fund of advocating a free market economy for India.

Opposition Members said Singh was reluctant to probe the foreign banks because it could scuttle his reforms plans.

At least four foreign banks have been named in official reports for their alleged role in the complicated deals in the scandal, mostly involving government bonds and shares of state-enterprises.

Deng's reforms running into trouble

CHONGQING (China), Aug 5: Amid the belching smokestacks and grimy factories of China's "rust belt" Deng Xiaoping's reform drive is running into trouble, reports Reuters.

When angry workers learned that the bankrupt Chongqing knitting mill was to be shut down, they went on strike and besieged the plant.

And when he head of the city's textile department came to negotiate, they took him hostage.

From the coal fields of northeast China to the textile-producing factories of Chongqing in southwestern Sichuan province China's "rust belt" Deng's drive to "smash the iron rice bowl" has met guerrilla — style resistance.

To soothe the mill workers in Chongqing, the city's Communist Party Secretary had to intervene personally and promise nobody would lose their jobs.

"If we were running things the way they do in the west, we would have to fire one-third to one-half of our workers to become efficient," said Zou Dapeng, an economist with the Sichuan Committee for restructuring the economy.

Sichuan's tally so far 100 jobs. Zou said they were the only casualties of an experiment to shake-up 105 state enterprises in the province which together employ more than a quarter of a million people.

"We are hoping that after two to three years we will begin to see results," he said.

Measures have included employing workers by contract, allowing promotions and demotions on the basis of performance, and giving managers more independence.

Mass sackings and radical restructuring are not in the government's game plan. "You cannot change your thinking overnight," said Rao Fangquan, Executive Deputy Director of the Dong Fang Electrical Machinery Works, which employs over 10,000 people in the industrial city of Deyang.

"If you fire a worker and he feels he has no where to go, then he will fight back." Chongqing did not publicise last month's incident at the knitting mill, clearly fearing the example it set.

Only occasionally have similar cases been reported in the tightly-controlled press, although there have been hints of sometimes violent opposition to the reform programme.

Earlier this year, workers in Tianjin rampaged through their watch factory smashing

equipment to protest against management plans for reform. "China is like a ship. If you change course too quickly, the whole thing will tip over," said Gu Yan, Vice Director of the Chongqing Light Industrial Bureau.

Nobody doubts the need for change. More than 40 per cent of Sichuan's creaking state enterprises lost money in the first half of 1992. In Chongqing, the large light industrial sector has outstanding debts amounting to seven times its current floating capital, according to officials.

Coastal stars like Guangdong and Fujian, pace-setters in market reforms, escaped the fate on inland neighbours along the "rust belt" by a quirk of history.

In the 1950s, China's then leader Mao Tsetung decided for strategic reasons to place Soviet-made industry in the protected interior. The same 1950s factories stand to this day, belching fumes and polluting the rivers.

Farmers' strike may hit Kenya's tea output

OTHAYA (Kenya), Aug 5: A strike by some 80,000 tea farmers in the lush farmlands of Kenya's central province as a protest against higher taxes and poor producer payments raised industry fears of poor yield this year, reports Reuters.

The striking farmers represent 34.8 per cent of Kenya's 230,000-strong tea small holders. Last year produced 46 million kilos (101.2 million pounds) out of Kenya's 202 million kilos (444.4 million pounds).

They demand an increase to eight shilling (25 US cent) from the present 2.36 (seven cent) they get per kilo (2.2 pounds) of fresh tea leaves.

They also want local authority and government tax cuts and the removal of access the government introduced last year on all leaf accepted at factories.

There are far too many taxes. We feel someone is quietly robbing us of our sweat, one farmer said.

Stocks rebound, dollar finishes higher in Tokyo

TOKYO, Aug 5: Share prices on the Tokyo Stock Exchange rebounded in Wednesday morning trading, as the US dollar edged higher against the Japanese yen, reports AP.

The 225-issue Nikkei Stock Average gained 274.29 points, or 1.75 per cent, closing the morning session at 15,966.88 points. On Tuesday, the average fell 16.86 points, or 0.11 per cent.

The Tokyo Stock Price Index of all issues listed on the first section was up 14.92 points, or 1.24 per cent, to 1,215.09. The TOPIX shed 7.27 points, or 0.60 per cent, the previous day.

Share prices bounced back sharply on firming futures prices in thin trading that entered around arbitrage and index-linked buying.

In arbitrage trading, investors seek profits from price differences between the spot and futures markets.

Dollar rises against major currencies

LONDON, Aug 5: The US dollar rose against other major currencies Wednesday in early European trading. Gold prices were mixed, reports AP.

In Tokyo, the dollar closed at 127.30 yen, up 0.02 yen from Tuesday's close. Later in London, the dollar was quoted at 127.28 yen.

Other dollar rates at mid-morning compared with late Tuesday: 1.4773 German mark, up from 1.4745

1.3236 Swiss franc, up from 1.3205

4.9880 French franc, up from 4.9815