

BRIEFS

India exported \$ 2.4b garments last yr

NEW DELHI, Aug 19: India exported garments worth an estimated 2.4 billion dollar in fiscal 1991-92, Minister of State for Textiles Ashok Gehlot informed parliament Monday. He said exports in the current financial year were expected to go up to 2.7 billion dollar. India's fiscal year ends March 31. The main buyers of Indian garments are the European Community, the United States, the erstwhile Soviet Union, the United Arab Emirates, Japan and Canada, reports AFP.

Clinton agrees with Bush's Iraq policy

LITTLE ROCK, Ark. Aug 19: Democratic presidential challenger Bill Clinton said there was no chance of a split with President George Bush over how to deal with any crisis in Iraq. In this first comment on reports that military action might be imminent against Iraq, Clinton said President Saddam Hussein must comply with UN ceasefire provisions, reports Reuters.

ADB okays \$93m loan to Thailand

MANILA, Aug 19: The Asian Development Bank (ADB) approved Tuesday a 93 million dollar loan to Thailand to improve the country's road system, the Philippines-based bank said. A bank statement said 32,000 kilometres (14,262 miles) of national and provincial roads are to be laid or repaired to support the Thai government's efforts to encourage industry to relocate away from traffic-choked Bangkok, reports AFP.

Iran to pay compensation

PHILADELPHIA (Pennsylvania), Aug 19: Iran has agreed to pay Sun and Atlantic Rich Field (Arco) 130 million dollar in compensation for loss of production rights after the 1979 Islamic Revolution, the companies said Tuesday. The agreement was reached Friday but must be submitted to the International Court of Justice in the Hague, which is expected to give its approval within two months, a Sun spokesman said, reports AFP.

Crude steel output falls by 1.9 pc

BRUSSELS, Aug 19: Crude steel production in the industrialised world totalled 30.3 million tonnes in July 1.9 per cent down on the same month last year, according to the International Iron and Steel Institute. The monthly figures showed that Japan's output dropped 11.3 to 8.2 million tonnes. Production in the US rose 5.5 per cent to seven million tonnes. While in the European Community overall it was stagnant (down 0.7 per cent to 11.1 million tonnes), reports Reuters.

Mexico textile talks breaks down

MEXICO CITY, Aug 19: Talks broke down early Tuesday between textile workers and management in a bid to end a six-week strike over wages, a spokesman for the labour union said. Some 35,000 workers in 228 textile companies went on strike on July 9 in support of a call for a 40 per cent wage rise and a collective basic contract for workers across the industry, reports AFP.

US-Canada air alliance formed

MONTREAL, Aug 19: Air Canada Tuesday announced it had formed a commercial alliance with the US Megacrier United Airlines. The Canadian carrier said the deal would allow for easier connections between the two airlines in North America, Latin America, Europe and the Pacific, reports AFP.

Record Pak sugar production

ISLAMABAD, Aug 18: Sugar production in Pakistan touched a record high of 2,329,632 tons this year as against 1,932,150 tons in the preceding year, a net increase of 397,482 tons or 20.57 per cent. The increase in production is attributed to the expansion in crushing capacity and better recovery rate. According to local press reports today, the aggregate recovery rate was recorded this year as 9.24 per cent as against 8.24 per cent last year, an increase of 0.97 per cent, reports Xinhua.

Agricultural waste can provide one-third of ASEAN's energy needs

KUALA LUMPUR, Aug 19: Agricultural waste could provide up to a third of the energy needs of South East Asia's industries in five years as the region switches to alternative energy sources, a Bangkok-based expert said on Tuesday, reports Reuters.

"South East Asian nations will save about two billion US dollar a year in oil imports by fully utilising biomass residues, which already fuel 20 per cent of their industries," said Ludovic Lacrosse of the Asian Institute of Technology.

"Biomass residues are set to play a small but significant role in this region's energy production," he told Reuters.

Biomass residues, which include rice husks, shells of coconut and palm oil, wood residue and sugar cane bagasse

(refuse), are being increasingly used as cheap and environmentally-friendly sources of energy in South East Asia.

Lacrosse, who is in Kuala Lumpur for an international energy conference, said only half of the 100 million tonnes of residue produced by the six members of the Association of South East Asian Nations (ASEAN) was used as an energy source.

ASEAN, grouping Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, is one of the world's most dynamic economic regions.

"The remaining half, if fully utilised, will increase biomass residues in ASEAN energy production to 35 per cent in five years," said Lacrosse, a technical adviser to the

ASEAN-EC Cogen Programme which helps in the transfer of biomass technology from Europe to South East Asia.

He said ASEAN's energy production using agricultural wastes was equivalent to 171 million barrels of oil a year.

Malaysia, a key non-OPEN oil producer, is planning to cut its use of petroleum from the current 60 per cent to about five per cent in 10 years and is increasingly turning to natural gas as an alternative energy source.

Malaysia has also successfully experimented with the use of palm oil as fuel for cars.

Lacrosse said governments in South East Asia were encouraging the use of biomass residue as an energy source through incentives and tax credits.

"These countries should also allow the sale of electricity produced from wastes to their neighbours," he said.

The governments' encouragement has been felt more strongly in the last two years as they recognise the importance of biomass residues as a clean energy source," Lacrosse said.

Lacrosse said biomass energy produces less carbon-related products and carbon dioxide and no sulphur, helping to reduce drastically the "greenhouse effect" on the atmosphere.

The carbon dioxide emitted by the burning of biomass residues is less than half that of fossil fuels, he said.

However, Lacrosse said biomass energy would not be

able fully to meet the region's fast-growing energy needs.

PD Grover of the Indian Institute of Technology said biomass residue could not entirely replace oil as an energy source but could prove to be competitive as a fuel.

"We do not foresee large companies setting up operations to produce energy from biomass residues and selling it to industries just like oil," Lacrosse said.

"But with depleting resources of oil and gas, biomass can become an important complementary energy source in agricultural nations, especially developing countries," he said.

Grover said biomass residues could power plants producing up to one megawatt of electricity a year without pollution.

Global recession hurts Malay economy

KUALA LUMPUR, Aug 19: The global economic slowdown is hurt in Malaysia as export growth and inflow of foreign investments have tumbled since the beginning of this year, Prime Minister Mahathir Mohamad said Tuesday, reports AFP.

"Our exports only grew at four per cent in the first quarter of this year compared with 20.6 per cent in the same period of last year," he told an economic congress here.

Approved investments have also plunged by about 46 per cent to 8.6 billion Malaysian dollar (3.4 billion US) from 15.8 billion dollar (6.3 billion US) over the same period, he said, adding that the number of projects had dropped to 159 from 286.

"We foresee tougher times ahead as small countries like export-oriented Malaysia will

be badly affected by the stalemate in the current Uruguay round of multilateral trade negotiations," Mahathir said.

Mahathir said Malaysia expected to see keener competition for foreign investments with the emergence of new market economies in Eastern Europe and the former Soviet Union.

"With this new global development, we foresee more and more funds that have been flowing into Malaysia and other member countries of the Association of Southeast Nations (ASEAN) being diverted to these new markets," Mahathir said.

Private economists have warned that the Malaysian economy, which had been growing at an average annual rate of eight per cent since 1987, was heading for a slow-down this year.

Stocks close higher in New York

NEW YORK, Aug 19: Stocks closed higher Tuesday despite a decline in share prices abroad and a worse-than-expected government economic report, according to AP.

Gordon Wilson, senior vice president with Kemper Financial Services Inc, said the market was reacting well despite the negative signals.

The Commerce Department said housing starts fell 2.8 per cent in July. Construction of new single-family homes and apartments totalled 1.12 million at a seasonally adjusted annual rate, down from 1.15 million in June and lower than the 1.20 million private economists had forecast.

And prices were lower on foreign stock markets.

In Tokyo, the 225-issue Nikkei Stock Average fell 620.14 points or 4.15 per cent to its lowest level in nearly 6 1/2 years. In London, the Financial Times-Stock Exchange 100-share index fell 21.4 points.

But primarily the market was quiet, will the economy only limping along, most corporate profit reports already released and interest rates stalling on the downside, Wilson said.

The featureless trading continued a pattern of August doldrums. Many traders take vacations in the month.

Individual issues were moving the markets, said Tom Luker, head of equity trading with Nikko Securities Co International Inc.

"Everyone's waiting for something political to happen," Luker said, referring to news expected to come from the Republican Party convention in Houston.

G-7 states' output likely to be higher by only 1.75 per cent

LONDON, Aug 19: The slow pace of recovery of the world economy is continuing to cause concern and output of the G-7 countries is likely to be only 1.75 per cent higher this year than last, the Bank of England said in its latest quarterly bulletin, reports Reuters.

It noted that while the gap between short-term interest rates in Europe compared with the US and Japan continues to widen, differences in long-term rates are much smaller.

World growth in 1992 will for the third year running be less than the trend rate of growth of productive potential, the bank said.

Despite the fact that short-term US rates have been cut by two thirds in just over three years, expenditure has not increased as rapidly as might have been expected. This reflects the pressure of continuing high debt levels, the bank said.

The Japanese economy is slowing with corporate sector gearing remaining high and net financial liabilities amount-

ing to around two thirds of nominal GDP, it said.

"Growth of the world economy has yet to gain momentum," the bank said.

"In Europe, activity has generally been subdued, with the impact of restrictive monetary policies beginning to take hold in Germany and continuing to exert a negative impact on demand in most other countries."

The Danish rejection of the Maastricht treaty of June 2 introduced further economic uncertainties, he added.

The bank said output growth in the west part of Germany may be around one per cent in 1992 while in the eastern part the tough in activity may now have passed.

France should sustain a moderate recovery this year but prospects in Italy for the remainder of the year are uncertain. Activity in Spain remains subdued, the Bank of England said.

It said most of the overshoot in German M3 monetary

growth stemmed from an acceleration in bank lending which could prove to be relatively unresponsive to high market interest rates, currently just below the Lombard rate of 9.75 per cent.

There seems little chance that the monetary target for M3 (3.5 to 5.5 per cent) will be met this year, even though inflation and growth are now slowing down," the bank said.

For the UK, the bank expected the economy to start to resume slow growth in the second half of this year.

"Slow growth in the economy should be evident during the remainder of this year," it said.

But the bank added that, "the general improvement in business and consumer confidence in May has not been sustained. Consumer confidence fell back in June and July, and business confidence surveys offer conflicting signals."

It believes the economy is still bumping along the bottom of recession at present.

Indian bank in NY fined for violations of law

WASHINGTON, Aug 19: The New York branch of an Indian bank has accepted a penalty of more than a half million dollar for violations of US law concerning the Arab boycott of Israel, but nearly half the fine was suspended, reports USIS.

An agreement announced August 18 settles charges made on June 30 by the US Department of Commerce that the Bank of Baroda violated US antiboycott law 87 times between January 1986 and August 1989.

The department said it imposed a 502,000 dollar civil penalty, but after reviewing the financial condition of the bank, suspended 227,000 dollar of it. The penalty is the fourth highest ever; the record is 995,000 dollar.

According to commerce allegations, the Bank of Baroda branch implemented 41 letters of credit for export sales from banks in the United Arab Emirates and Oman that had conditions prohibiting their use by banks and insurance carriers that do business with Israel.

The letters also required the recipients to provide information about business relationships with Israel in violation of US law, the department said.

The Bank of Baroda allegedly failed 46 times to report to commerce its receipt of these boycott-related requests, another violation.

EC against US trade row over oilseeds

BRUSSELS, Aug 19: The European Community is not expecting the United States to escalate a trade row over oilseeds by slapping punitive tariffs on EC food and bring this week, an EC spokesman said, reports Reuters.

The row is being handled under a General agreement on Tariffs and Trade (GATT) procedure that sets a deadline of 60 days, which runs out on August 19, to find a solution.

Washington has drawn up a list of wines, spirits and food worth a billion dollar on which it could impose tariffs of up to 400 per cent if it does not get satisfaction, but officials and diplomats say the US is holding its fire.

"We have not heard that the United States intends to take retaliatory measures. We do not expect US measures Wednesday, the Commission spokesman said in answer to questions.

GATT panels have twice supported Washington's complaints that EC oilseeds subsidies hurt US soybean farmers. Oilseeds such as soybeans and rape are crushed to produce animal feed or oil.

The EC has made two offers of compensation at negotiations in Geneva, but both have been rejected. It has now asked for the dispute to be put on the agenda of a GATT council meeting on September 29.

If Washington retaliated while there was any hope of a settlement through GATT channels that would raise the temperature in already acrimonious negotiations over the Uruguay Round of GATT talks for a global trade accord.

The EC has frequently accused the US of resorting to unilateral trade sanctions in flagrant disregard of internationally agreed procedures for resolving disputes.

Indian bank goes on forced leave

NEW DELHI, Aug 19: The Indian government has sent the chief of another state-owned bank on leave in connection with a huge securities fraud, which has ended the careers of several top bankers and officials, reports AFP.

The government sent R S Pai, Executive Director of the Syndicate Bank of India Ltd, on forced leave for investing one billion rupee (33 million dollar) in a private company at the centre of the 1.3 billion dollar scam.

Banking sources said Tuesday the government decision had been conveyed to Pai on Monday, and circulars notifying other banks of Pai's enforced leave had already been distributed.

The Syndicate Bank, which has more than 3,000 branches across India, plunged the money into Fairgrowth Financial Services Ltd (FFSL) for 'portfolio management', or investment in the stock market, the bank sources said.

Investigators were probing claims by the banker that the money had been recovered from the FFSL, a finance firm located in the southern Indian city of Bangalore, newspapers said.

Pai, who was also acting Chairman of Syndicate Bank, was found to be holding FFSL shares worth 11,600 dollar in the names of his wife, son and daughter, government sources said.

Two dailies published

Tuesday the holdings of 35,000 tainted FFSL shares by the Syndicate Director's relatives, calling it the 'Pai chart'.

Newspapers, however, said the controversial loan of one billion rupees to FFSL appeared to be the reason for the government action.

Reports quoting stock registration records Tuesday said several other senior bank executives, most of them in Bangalore, held tainted shares, but did not name names.

FFSL, floated by former Canara Bank Chairman B Ratnakar, is believed to be the brainchild of 'big bull' broker Harshad Mehta. The firm, with the help of bank officials, has skimmed public funds for investment in the stock market.

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Abu Dhabi lays fraud charges against BCCI executives

LONDON, Aug 19: Abu Dhabi authorities have laid preliminary fraud charges against 14 former executives of the Bank of Credit and Commerce International, the Financial Times reported Wednesday, according to AP.

The paper quoted Ahmed Al Sayegh, one of the Abu Dhabi officials investigating the BCCI scandal, as saying in an interview in London on Tuesday that the small, oil-rich Gulf emirate plans to hold a formal trial there.

But the paper said Al

Sayegh indicated it would take some years to bring the case to court.

It quoted him as saying: "We are the biggest victims, we have lost billion of dollar, our laws have been violated, our reputation has been damaged, so we cannot let this pass without proper investigation or a proper prosecution."

Founded in 1972 in Pakistan as an international bank serving the Third World, BCCI was seized by bank regulators in the United States,

Britain and 11 other countries on July 5, 1991 on allegations of widespread long-term fraud.

The Bank of England coordinated the seizure.

News reports following the seizure have said that BCCI among other things provided sophisticated drug money laundering services to the Medellin cocaine cartel in Colombia and was the secret banker for former Panamanian leader Manuel Noriega.

BCCI's majority shareholders are Abu Dhabi's ruling Al Nahyan family.

Pindi spending \$28m on tourism promotion

ISLAMABAD, Aug 19: Pakistan is spending 700 million rupee (28 million US dollar) on promotion of tourism in the country, State Minister for Tourism Shahzada Mohiuddin said Tuesday, reports Xinhua.

Speaking at an inaugural ceremony of cable cars at Murree, a summer resort some 70 kilometers away from here, the Minister said 500 million rupee (about 20 million dollar) has been allocated for promotion of tourism industry in the private sector.

He said that 30 million rupee (about 1.2 million dollar) is being spent on a publicity campaign abroad to attract a large number of foreign tourists.

Tourists information centres are being established in some foreign countries, he added.

The Minister noted that the present government has realised the importance of tourism industry which can accommodate thousands of educated unemployed youths.

He expressed his hope that soon tourism would become an important sector of the national economy.

SADC members urged to remove trade barriers

HARARE, Aug 19: Zimbabwean President Robert Mugabe urged member states of the newly established Southern African Development Community (SADC) to remove trade barriers and attract more investment and foreign capital, reports Xinhua.

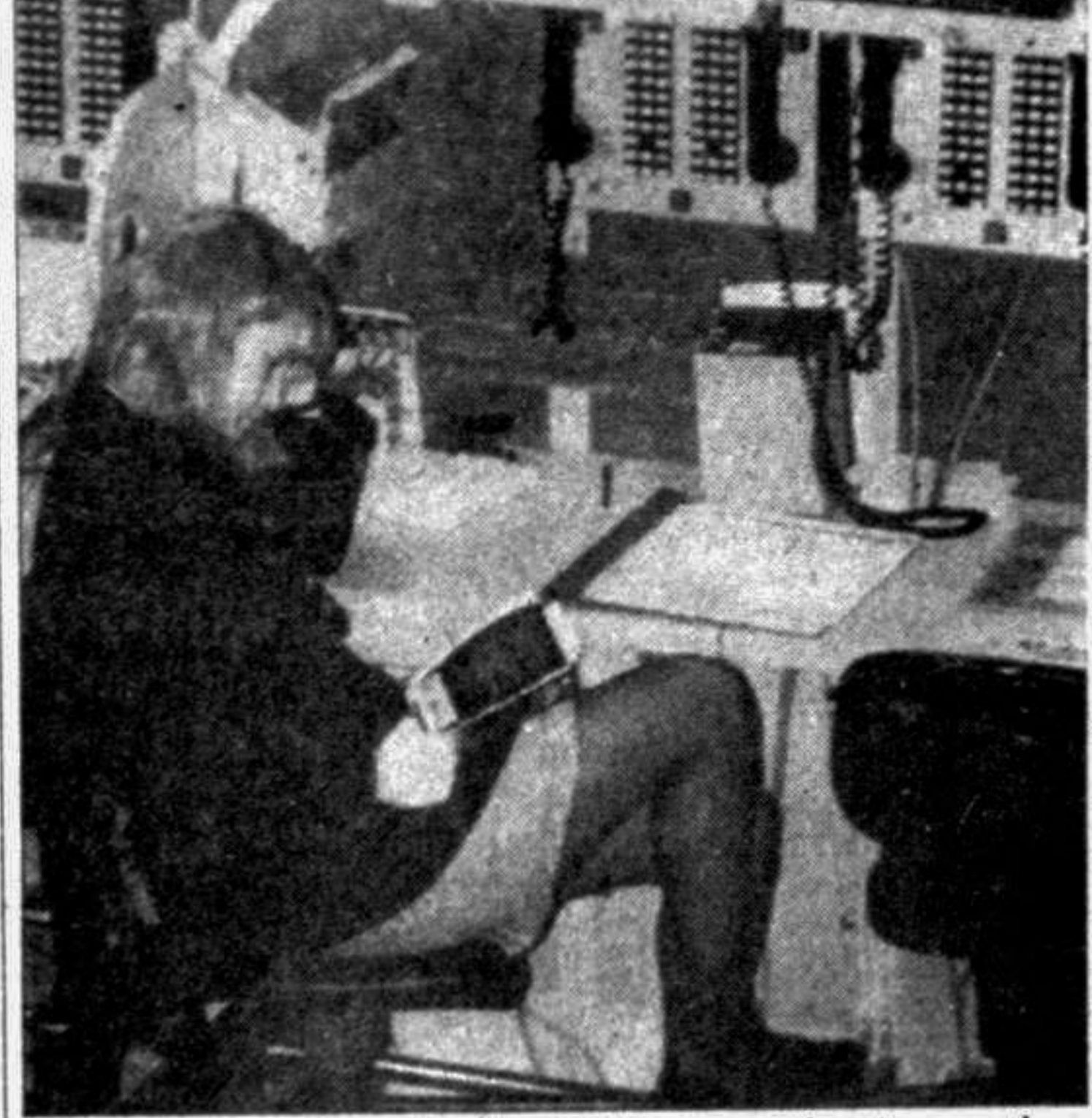
Mugabe made the call when addressing the last summit of the just-dissolved Southern African Development Conference (SADCC) in the Namibian capital of Windhoek.

He said that the treaty signed by the member states to establish the SADC should

be translated from a mere 'expression of intent' to concrete moves to integrate the region's economies, according to reports reaching here.

"The new treaty we have just signed goes beyond the mere formalisation of the new SADC, its seeks to transform what was a loose association of states for the purpose of coordinating their common regional development projects into a full-fledged community," he said.

Mugabe said the emphasis should now shift from co-ordination to integration.



LEISURE TIME: A trader reads to pass the time as the Sydney Futures Exchange came to a virtual standstill August 18 in the lead up to the 1992 federal budget. Prime Minister Paul Keating, who must call an election within eight months, described the budget as "fair and appropriate." — AFP/UNB photo

Indians putting money on teak trees for 150 pc tax-free return

NEW DELHI: Indians are being invited to put their money on teak trees and watch it grow — tax-free, reports IPS.

A new crop of plantation companies has unleashed an eye-catching advertisement campaign in newspapers and magazines promising yearly returns of up to 150 per cent for 20-year investments on trees grown on scientifically-managed farms.

The media blitz has been effective. Bombay-based Dairy Land Plantations claims it is inundated with inquiries and applications. And Sanghi Plantations Limited, the first in the business, has already begun harvesting money from the public.

But critics warn teak trees

are not blue-chip investments — hard-earned savings could vanish into thin air in one bad monsoon.

On paper, the scheme looks safe. An investor pays US 40 dollar for a teak sapling that a firm calculates will be worth US 2,000 dollar when it matures 20 years later. The promoters point out that one cubic foot of teak wood selling for US 32 dollar at present will fetch over US 100 dollar in two decades. A fully grown tree yields roughly 20 cubic feet.

In addition, the investment will not be taxed as it is considered a farm income. Under Indian revenue laws, farmers do not pay income, wealth and capital gains taxes.

But sceptics say there are too many ifs and but's. "It is too tall a claim and those who invest should be very careful," says HN Mathur of the New Years Delhi-based Society for the Promotion of Wasteland Development.

The companies should give detailed information on the viability of the scheme based on trial projects, he adds. None of the plantation companies have done so.

Foresters say a teak tree takes over 50 years to grow to full size and become commercially valuable. Twenty-year-old teak trees are usually sold as poles and rarely fetch good prices.

They are also sceptical about the fast-growing species

promoters promise will be grown. Indo-Australian Plantations claims it will use a high-density technique to grow 4,500 trees per acre in 12 years. But experts say teak that matures quickly will yield very poor quality wood.

According to Mathur, a teak tree matures in 20 years only in ideal conditions found in just a few regions in the country. In north-eastern Tripura State where soil and moisture conditions are excellent, the trees are ready for felling in 20 years.

Some critics are also questioning the scheme's basic assumption that timber prices will continue rising. An earlier experiment with eucalyptus plantations failed when prices

plunged from US two dollar a tonne in 1986 to the present US 1.40 dollar.

But the criticism does not bother the new companies, most of which are subsidiaries of established business groups.

As the government turns the screw on polluting industries, more and more corporate houses are finding out it pays to acquire an environment-friendly image. "Buy a tree, invest in the environment" is their catchy new slogan.

A plantation company based in the south Indian city of Hyderabad has promised to send investors a computerised growth chart of their trees and money every year. Another firm plans to build a resort

near its teak plantation so investors can watch their money grow as they holiday.

Hoping to cash in on the reputation of the parent companies, the new enterprises are expecting to rake in US seven million dollar from every acre of teak forest.

The companies say they will plant between 2,000 to 4,000 trees on one acre. Investors will receive teak certificates that, like an equity share, they will be free to sell or transfer to anyone.

But a shortage of suitable land could cripple some firms. The Business World journal reports an unnamed south Indian firm has raised several million rupees from investors.

But though it needs at least 5,000 acres, it only has 200 acres of land.

Recent newspaper reports say several companies do not even have nurseries for teak saplings. It will take at least five years to prepare land for planting, which will mean delays in the launching of most projects.

Moreover, there is the additional risk of the trees being damaged by natural disasters. Most firms are reported to have only taken crop insurance cover.

The only commitment teak production firms are making is to give a tree, even if it is stunted, to the investor at the end of the maturity period.