

**BRIEFS**

**Stamp tax rise in Italy criticised**

ROME, Aug 24: Italian Finance Minister Giovanni Fiora came under sharp criticism on Sunday for a major bureaucratic bungle over an increase on a stamp tax for passports and driving permits. Italians have to pay a tax on such documents every year to keep them valid. The taxes are paid by buying special stamps which are pasted in the driving permit of passport. But the ministry did not print enough stamps and there were long queues in front of the few shops which had them over the weekend. There was also confusion over whether the new tax could be paid at post offices. The cost of the taxes was recently increased as part of a package to raise money to narrow Italy's budget deficit by some 27 billion, reports Reuter.

**Wall Street stocks to lower**

NEW YORK, Aug 24: Wall Street stocks will probably move sideways or lower between now and the November 3 election, with the battered dollar only muddying the waters, analysts say. The record clearly shows that in election years where the incumbent is about to be turned out, the stock market is weak from convention time in August until late October, said Robert Stovall, President of Stovall Twenty-first Advisers Inc. US stocks rallied early on Friday in a positive initial response to President George Bush's speech the night before to the Republican Party convention in Houston, reports Reuter.

**39 kilogram of raw gems seized**

YANGON, Aug 24: Myanmar authorities seized a total of 39 kilograms of raw gems in upper Myanmar's Sagaing Division, according to an official report here on Sunday. On July 30, local authorities in Monywa township searched a house in Yongyi ward of the township and found 26.08 kilograms of raw sapphire and 57 bars of pure silver. On the same day, the local authorities seized about 13 kilograms of pieces of jade in a car in the township. Three persons involved in the two cases were booked by the Monywa police force under the country's public property protection act. Myanmar's gems are noted in the world, reports Xinhua.

**Sterling hits new lows in Europe**

LONDON, Aug 24: The poundsterling hit new lows in Europe on Monday, putting pressure on the British government to intervene by buying it or raising interest rates. Sterling struggled to keep its head above water in early trading and was quoted as low as 2.7950 German mark, down from 2.7958 on Friday, setting a new low point since Britain entered Europe's Exchange Rate Mechanism (ERM) almost two years ago, reports Reuter.

**Japan raises money supply by trillion**

TOKYO, Aug 24: The Bank of Japan (BOJ) injected a total one trillion yen into the money market by offering to buy 500 billion yen in bills due September 7 at 4-2/32 per cent and by making 500 billion yen in loans to banks, money traders said. The central bank later confirmed conducting the operation. The fund injection was made to replenish the net projected 1.01 trillion yen money market shortfall Monday, reports Reuter.

**Privatisation of PIA opposed**

ISLAMABAD, Aug 24: A high-level committee set up by the Pakistani government said on Sunday the state-run Pakistan International Airlines (PIA) should be spared the country's massive privatisation drive. An official statement, issued after a committee meeting under the chairmanship of Finance Minister Sartaj Aziz, said PIA should be retained as a national carrier with majority share-holding in the public sector. Prime Minister Nawaz Sharif's cabinet would take a formal decision on the committee recommendation, reports Reuter.

**Dollar moves down, shares gain in Tokyo**

TOKYO, Aug 24: The US dollar stayed lower against the Japanese yen in Monday morning trading, while share prices on the Tokyo Stock Exchange continued to rise after shooting up last Friday, reports AP.

**World economy suffers from sluggish growth**

BONN, Aug 24: Contrary to expectations, the world economy is still suffering from sluggish growth, with inactive economies and rising unemployment in the 'big three' — the European Community (EC), the United States and Japan, reports Xinhua.

Economic experts estimate that from this autumn to next spring the EC economy, which has been supported by market need instead of investment, will show a slender increase.

However, the increase will not be strong enough to combat the unemployment rate in the EC, which is as high as 10 per cent on average. For ability to provide employment, the EC is the worst among the 'big three'.

The EC commission pre-

dicts that the average unemployment rate in the EC will increase from 8.9 per cent to 9.5 per cent, which is much higher than America's 7.8 per cent. It is estimated that the EC's unemployment rate will be as high as 9.7 per cent next year.

Under the terms of the European monetary union treaty, every year the rate between debt and domestic production in an EC country should be confined to 3 per cent.

In fact, the EC's average rate is likely to increase from 2.8 per cent in 1989 to 4.9 per cent this year. It is estimated that the rate will fall slightly.

It will be hard for EC countries to eliminate their finan-

cial deficits in coming years because of the sluggish economic growth and high unemployment.

EC economic experts maintain that the hope of view investment fervor in the community is very slim. Investment in Britain has entered the third year with an increase rate of less than 4.4 per cent. The rate has fallen to 2.8 per cent in Germany. The average figure for the EC is 2.5 per cent.

Japan's economic recovery is slower than expected. To stimulate growth, the Bank of Japan advanced to late July its plan to cut the discount rate to 3.25 per cent. The government has also decided to move up its package economic-recovery plan from September to

August. Japanese industrial production continued to decrease this year. It fell 4.7 per cent in the first quarter compared with the figure for the same period last year. The figure for May this year was 8.8 per cent less than for the same month last year.

Meanwhile, stockpiles rose from 106 per cent in the first quarter to 110.3 per cent in May.

Japan's actual economic growth rate in the 1991 fiscal year, which ended in March, was only 3.5 per cent, two per cent less than the rate in the previous year. It is estimated that the rate in the 1992 fiscal year will be only two per cent. The situation in the United

States is also not bright. The US Federal Reserve Bank has eased its monetary policy 23 times in the past three years. The interest rate has dropped to the lowest level since the early 1960s.

However, these measures have had very little effect in helping US economic growth. In the second quarter of this year, the economy increased only 1.4 per cent, representing a 1.5 per cent drop on the figure for the first quarter.

Some people maintain that it is the low interest rate that has brought the US economy to the verge of recession, as many commercial banks have limited lending because of losing profits.

The uncertain situation in the US labour market has re-

strained consumer demand. The unemployment rate rose from 7.5 per cent in May to 7.8 per cent in June. Unemployment affected almost all economic departments.

The slump in the labour market has played a decisive role in the US decision to cut the discount rate and monetary market rate to three per cent and 3.25 per cent respectively.

At present, except in the private housing construction area, the US economy still lacks motive forces. The only consolation is the low inflation rate. The rate of price increase was 3.1 per cent in the first quarter of this year, but it fell to 2.8 per cent in the second quarter.

**Gold output record high in Australia**

CANBERRA, Aug 24: The Australian goldmining industry registered a record high output during fiscal 1991-92 despite a slight drop in the April-June quarter, reports Xinhua. In the 12 months to June, gold output in Australia reached 230.82 tons, about 0.8 per cent higher than the previous record for fiscal 1990-91, according to the business age survey published today.

The increased production has brought the industry an income of 3.5 billion Australian dollar (2.6 billion US dollar).

However, output drifted lower further in the April-June quarter after a drop in the January-March quarter.



CONTINUING MISERY: An elderly Muslim woman searches for food Aug 23 as she goes through garbage containers outside the presidential building, while Serbian forces continued shelling the Bosnian capital. Fighting in the area on Aug 22 appeared to be centred around a strategic Serbian-held suburb of Iidza. — AFP/UNB photo

**Thailand to host Sept 9 APEC meet**

BANGKOK, Aug 24: Thailand is to host the fourth annual meeting of the Asia-Pacific Economic Cooperation forum (APEC) between September 9-11, state-run Radio Thailand announced Sunday, reports AFP. During the meeting, to be preceded a senior APEC officials meeting on September 7-8, Thai officials hope to announce the establishment of the APEC secretariat and a fund to support APEC activities, it said.

The meeting will decide on the location of the APEC secretariat's head office, the formula on how its activity fund will be subsidised and the selection of the secretariat personnel, the radio said.

Cooperation among APEC members will be undertaken through a series of programmes, of which ten have already been designated.

These are: Trade and investment information, trade promotion, regional investment expansion and technology transfer, human resource development, energy cooperation, human resource conservation, marine resource conservation, communications, fisheries and transport, and tourism.

**India's billion dollar bond scam BJP demands ouster of economic top brass**

NEW DELHI, Aug 24: India's main opposition party has demanded the ouster of the entire economic top brass including Finance Minister Manmohan Singh over a huge bank swindle, press reports here said Monday, reports AFP.

The right-wing Bharatiya Janata Party (BJP, Indian people's party) adopted the resolution at an executive meeting in the central Indian city of Bhopal Sunday, urging Singh and four others to step down, the reports said.

Singh, his cabinet deputies Rameshwar Thakur and Dalbir Singh, banking civil servant K J Reddy and Reserve Bank of India governor S Venktraman should take 'collective responsibility' for the scam, the Pioneer quoted the resolution as saying.

It said their ouster was necessary for a 'full and fearless enquiry' into the scam, which surfaced in April with revelations that bankers and stock brokers had colluded to channel more than a billion dollar in public funds into the stock market.

It was the first time the BJP, the largest opposition group in Parliament, had formally called for heads to roll over the scandal which ended an unprecedented stock market boom and cast a shadow over India's banking system.

The resolution, which echoed demands by other opposition parties, called the fraud unparalleled. It had shaken confidence in India's financial system, hampering the flow of foreign capital and funds from Indian expatriates. "A financial swindle of such proportions could not have materialised without the active cooperation of corrupt businessmen and corrupt bankers blessed by corrupt political bosses," the resolution was quoted as saying.

A parliamentary investigation has been instituted into the fraud allegedly masterminded by 'big bull' Harshad Mehta, a top Bombay stock broker who has been arrested along with 25 other suspects including businessmen and bankers.

**Step towards all America free trade Zone**

**Mexico, C.America agree on free trade**

MEXICO CITY, August 24: A free trade agreement framework has been signed by Mexico, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, according to a press reports here, says Xinhua.

The accord anticipates a free market among these nations by the end of 1996. Like the North American Free Trade Agreement (NAFTA), it will mean the free passage of goods and services, the report said.

David Varga, an economic analyst, was quoted as saying that the accord signed is 'important' because, unlike

NAFTA, it is an alliance of countries with the same language and culture.

"We are seeking the steps toward an all-America free-trade zone from Chile to Canada," he added.

He said the two proposed trade pacts are 'not incompatible but complementary'.

But economist Jonathan Heath, of a consultant company, said this is political rather than economic on Mexico's part.

"Economically, the Central American market is so small I don't think the agreement is that significant," he said.

"I think Mexico wants to show it is not just looking North to the United States but south as well," he added. "There could be some marginal economic benefits for Mexico, such as selling a few cars down there, but on the whole there's little to gain," he noted.

Varga, on the other hand, believed the Mexico's southern neighbours could benefit from its leadership. "In a lot of ways Mexico is the model for the countries of Central America," he said.

Commenting on the event, Mexican Trade Minister Jaime

Serra Puche said there will have to be a period of transition which recognises the asymmetries and differences in development strategies among the signatory countries.

Apart from Panama and Costa Rica — the Switzerland of Central America — where per capita Gross National Product approaches that of Mexico, the rest of the Central American region suffers from extreme poverty and lack of economic infrastructure, the report said.

The agreement framework allows Central American countries to negotiate as a bloc.

**Ecuador's coffee industry in bad position**

QUITO, Aug 24: Ecuador's National Association of Coffee Exporters said Sunday the nation's coffee industry is in a highly precarious position because of the sharp drop in prices on commodity markets and poor productivity, reports AFP.

Officials of the association said they would propose several measures to alleviate the crisis, which has forced many growers to replant other, more profitable crops in place of coffee.

Coffee productivity has dropped in recent years in Ecuador.

**China-Japan trade will set record high this yr**

BEIJING, Aug 24: China's trade with Japan will set a record high this year, with imports and exports being virtually balanced, reports Xinhua.

Bilateral trade will amount to 23-24 billion US dollar by the end of this year, up from the 1991 figure of 20.2 billion US dollar, 'China Daily' Monday quoted a top Chinese trade official as saying.

The forecast growth will reassure Japan's status as China's largest trading partner after Hong Kong, said Wei Xiaorong, Deputy Director General of the Asian and African Department under the

Ministry of Foreign Economic Relations and Trade (MOFERT).

"Our technology imports from Japan this year will surpass one billion US dollar — also a record high," Wei said.

China's imports from Japan in that category were 270 million US dollar last year. But in 1992's first half alone, China imported more than 600 million US dollar worth of Japanese technology, mostly in the machinery and electronics fields.

The total in Chinese imports from Japan in January-June was 5.4 billion US dollar, up 33.5 per cent.

**Mauritius wants to become centre for offshore financing**

KUALA LUMPUR, Aug 24: Mauritius is trying to turn itself a major offshore financial centre but will not allow money laundering by drug traffickers or arms traders, Finance Minister Ramakrishna Sithanen said on Saturday, reports Reuter.

"We have got an image to preserve... in Malaysia. Sithanen, leading a 25-member delegation, is on the fourth leg of a five-nation Asian tour to woo investments in banking, insurance and other offshore financial activities.

Mauritius launched its bid to become an offshore financial

hub in 1990 and is now the only such centre in the Indian Ocean, Sithanen said.

Offshore businesses in Mauritius pay no tax on profits and no withholding tax on bank deposits or dividends paid out by offshore firms.

Mauritius was seeking to tap funds from the Far East seeking to invest in eastern and southern Africa as well as India, said Sithanen who has visited Hong Kong, Jakarta and Singapore.

Mauritius can be the gateway to Africa. There are momentous changes happening in Africa... in adopting sound eco-

nomical policies in order to solve fundamental problems besetting policies in Africa, he said.

There is a niche that can be tapped by Mauritius because of its geographic location and because there is no offshore financial centre in that part of the world," he said.

The island nation of 1.1 million people also hopes to cash in on the financial reforms launched in India in July 1991 after more than 40 years of rigid socialist control, said Sithanen who leaves on Sunday for New Delhi and Bombay.

Two Indian banks are among seven foreign banks which have been granted offshore banking licences in Mauritius, whose economy until recently depended largely on sugar production. Mauritius was keen to tap funds from non-resident Indians (Nris) or ethnic Indians who reside abroad, Sithanen said. He disclosed that a group of Nris from the Middle East had set up a fund of 50 million dollar to invest largely in Indian stocks.

He declined to name the group but said the fund was expected to swell.

**'Passport' in inverted commas**

LONDON, Aug 24: The "passport" that gives financial companies the right to operate throughout the 12-member European Community is a figure of speech, not a document, reports AP.

The "passport" is in inverted commas; there is no piece of paper," said Peter Guilford, a spokesman for Sir Leon Brittan, the EC commissioner for financial services.

Guilford said companies would pay no more in fees for the entire market than their national regulators or administrators now charge.

**Asia-Pacific currencies close mixed against US dollar**

HONG KONG, Aug 24: Asian currencies finished broadly mixed against the US dollar over a week of little market movement, reports AFP.

The Japanese yen was among the losers, closing at its lowest rate over the week in the absence of incentives and no relief seen for the economic slump. South Korea, Taiwan and Hong Kong also lost ground.

The Australian dollar firmed against the Greenback after a sell-off Tuesday on the heels of a government budget. The currencies of Singapore, New Zealand, Malaysia, Thailand and the Philippines were up slightly while the Indonesian rupiah remained unchanged.

Japanese Yen: The yen closed weaker at 126.45 to the US dollar, against the previous week's close at 126.03, and at its lowest level.

Losses reflected Japan's lingering economic slump and

lack of incentives following the summer holidays.

After opening the week at 126.27 Monday, the yen rose to the week's high of 125.81 Tuesday, but lost ground throughout the week.

South Korean won: The won continued to weaken against the US dollar to be traded at 790.80 won Saturday, against 790.20 a week ago.

During trading Monday, the exchange rate weakened as low as 791.80 to the dollar.

Current account deficits are the main cause of the won's weakness, analysts said.

Australian dollar: The Australian dollar firmed slightly against the US dollar, but well off its highs, having initially been sold-off immediately after the governments' budget was announced Tuesday, dealers said.

The dollar finished the week at 71.95 US cent, against 71.85 cent a week ago, and after falling to 72.48 Wednes-

day. Analysts said the dollar would trade in a volatile, but lower range in the coming months, with expectations that the unit would drop through the 70.00 US cent support level in the next few weeks.

The central Reserve Bank's trade weighted index, which measures the dollar against a basket of major trading currencies, finished at 52.6, from 52.7 the previous week, after reaching 53.3 Wednesday.

Singapore dollar: The Singapore dollar finished firmer against the US dollar at an exchange rate of 1.6090, against last week's level of 1.6110.

Dealers said the dollar fell from the start of the week in line with other Asian money markets while local demand for the Greenback was also very light as traders feared a further fall of the US currency.

The dollar was lower against the British pound at an exchange rate of 3.1134,

against last week's level of 3.1084. The local currency was higher against the Japanese yen at 1.2734, compared to last week's mark at 1.2771.

The OCB Bank's trade weighted index for the Singapore dollar stood at 135.75, up from last week's 135.73. The index is calculated against the currencies of Singapore's top 12 trade partners.

Taiwan dollar: The Taiwan currency declined to close at 25.1725 to the US dollar, down from the previous week's finish of 25.1295.

After opening Monday at 25.1735, the dollar fluctuated in a tight range from 25.1725 to 25.205 in heavy trading dealers said.

New Zealand dollar: Another week of little movement saw the New Zealand dollar close Friday worth 53.84 US cent, slightly up on its close at 53.75 cent a week ago. The currencies' rise later in

the week was influenced by the Australian dollar which moved down on a big sell order.

Hong Kong dollar: The Hong Kong dollar closed lower Friday against the US dollar, at 7.7325 compared to 7.732-7.733 a week ago.

The effective exchange rate index was 109.6, down from last week's 109.7.

The Hong Kong nit has been officially pegged at about 7.80 to the Greenback since 1983.

Malaysian ringgit: The ringgit closed steadier at 2.4960 against the US dollar, compared to 2.4999, the previous week.

The bearish tone of the Greenback throughout most of the Asian markets helped strengthen the ringgit, which the Malaysian central bank is eager to hold at the 2.50 level, dealers said. "We do not rule out central bank intervention should the

Greenback slide further next week, said a dealer.

Indonesian rupiah: The rupiah remained unchanged against the US dollar closing Friday at 2,034 rupiah.

It started trading Tuesday at 2,305 rupiah, following the independence day holiday.

Thai baht: The Thai foreign currency market closed Friday at a mid-rate of 25.24 baht to the US dollar, against last week's mid-rate of 25.27.

The Greenback weakened against the baht as the US economy was still in poor shape, a Thai Farmers Bank official said.

Philippine peso: The peso finished trading at 24.565 to the US dollar Friday, up from 25.116 a week ago.

Monday trading saw the peso rise to 24.916, and continue its appreciation against the Greenback despite an earlier announcement that foreign exchange controls would soon be scrapped.

**Jordan will resume talks to reschedule debts**

AMMAN, Aug 24: Jordan will resume tough long-delayed talks with London Club of commercial creditors on Monday to reschedule part of the over one billion in owed debts, reports Reuter.

"Our talks would aim at preparing the ground for reducing the value of Jordan's commercial debts estimated at 1.2 billion US dollar" Jordan's three main newspapers quoted Finance Minister Basil Jardaneh as saying before leaving for London on Saturday.

He did not disclose the amount of money involved or the terms Jordan was seeking, but other officials say Amman wanted to reschedule at least

5000 million US dollar for repayment over 20 years with 10 years' grace.

Central bank governor Mohammad Said al-Nabulsi, who also left with Jardaneh, has often said Jordan was discussing a scheme with the London Club which could discount the debt and transfer some of it into bonds.

Jordan talks with the London Club, which began in 1989, have so far resulted in no agreement because creditors balked at Jordan's plan to use new loans or to buy back debt at a 30 per cent discount, diplomats and economists say.

**Bush favours 'free trade' without apology**

WASHINGTON, Aug 24: George Bush on Sunday told a farm audience he favoured 'free trade' without apology while democratic challenger Bill Clinton charged the Republican President with religious intolerance for his position on abortion, reports Reuter.

The two candidates were out campaigning for the November 3 presidential election in which Bush is seeking a second four-year term in the White House.

Bush said more favourable world trade conditions under the Uruguay Round of world trade talks plus a free-trade agreement linking the United States to Mexico and Canada will mean a "bonanza for the farmers in this country."

Bush was wrapping up a three-day campaigning in the key electoral state of Illinois