

BRIEFS

Russia for selling planes to China

MOSCOW, Aug 26: Russia discussed selling fighter planes and other high technology weapons to China at talks in Moscow, Itar-Tass news agency said. It said the two countries' Defence Minister "discussed the development of bilateral relations in the military and military technology areas... as well as the possibility for delivering Russian weapons (MiG-27 planes and air defence systems) to China." Russia, seeking to boost hard currency earnings from weapons sales, has been making inroads into the southeast Asian market, displaying its wares at major air shows and defence exhibitions, reports Reuter.

Rouble exchange rate drops

MOSCOW, Aug 26: The rouble exchange rate dropped from 162.6 to 168.1 rouble to the dollar during trading at the Moscow Interbank Currency Exchange on Tuesday and currency experts said that it would fall further. The volume of trading was 27.68 million dollar with offers worth 20.58 million dollar and demand of 44.76 million dollar. Financial analysts at the MICE said the high demand for hard currency and the Russian central bank's refusal to intervene on the money market to support the rouble would probably lead to drop in the rouble rate against the dollar, reports AFP.

Indonesia may raise industrial export

JAKARTA, Aug 26: Indonesia expects to export industrial products worth five billion dollar by the end of the country's five-year Development Plan in 1998, the Antara news agency said here Wednesday. Antara quoted Rudy Lengkon, the head of the National Agency For Export Development (NAFED), as saying that the target was based on the value of industrial export products which increased annually by an average of 37 per cent over the last five years, reports AFP.

Auto component export up in India

NEW DELHI, Aug 26: India's exports of auto components have increased to 160 million US dollar in 1991-92 financial year from 120 million US dollar in 1990-91. Automotive Component Manufacturers Association of India (ACMA) President Surinder Kapur said in a press statement on Monday that the auto component industry would be able to achieve an export figure of 500 million US dollar by 1995-96. Kapur has presented a six-point plan to enable the Indian automotive industry to move toward global competitiveness, reports Xinhua.

Malaysia to study Chinese offer

KUALA LUMPUR, Aug 26: Malaysia will study a Chinese offer to jointly develop the disputed Spratly islands in the south China Sea, Malaysian Defence Minister Najib Razak said. Najib said Chinese Premier Li Peng made the offer during talks in Beijing last week. Najib was the first Malaysian Defence Minister to visit China since Kuala Lumpur set up diplomatic ties with China in 1974. "We will follow up the political statement by examining specific areas such as the economic and legal implications of such a venture," he told reporters on his return, reports Reuter.

Self-sufficiency in edible oil

NEW DELHI, Aug 26: India is likely to become self-sufficient in edible oils in the current year because the oilseed crop would surpass the target by about 12 per cent during 1992-93. According to official sources, it is estimated that the oilseed crop would be of about 20.5 million tonnes in 1992-93 against the targeted figure of 18.3 million tonnes, reports Xinhua.

ADB aid to Pindi for rural uplift

MANILA, Aug 26: The Asian Development Bank granted Pakistan 840,000 US dollar in aid on Tuesday for projects to help the rural poor, the bank said in a statement. One technical assistance grant worth 490,000 US dollar will be used to study the water and sanitation needs of Punjab province, where only about 60 per cent of the population have adequate water supplies. A second grant worth 350,000 US dollar will be used to study ways of improving water supplies and basic social services for 90,000 semi-nomadic people living in the Cholistan desert bordering India, reports Reuter.

Japan to unveil \$72b stimulus package for economic recovery

TOKYO, Aug 26: The Japanese economy continued to slow in June with consumer spending and capital investment weakening, an official report said here as the government prepared to unveil a pump-priming package at the weekend, reports AFP.

The Kyodo news agency quoted Prime Minister Kiichi Miyazawa as saying the economy was "in a critical stage" at a cabinet meeting to approve the monthly report from the Economic Planning Agency.

The ruling Liberal Democratic Party, meanwhile, was drafting a nine trillion yen (72 billion dollar) fiscal stimulus package to be approved by the government on Friday.

The second fiscal stimulus package in five months will feature three trillion yen to finance additional public works projects, including bullet-train lines, parks and sewage systems, the officials said. But the ruling party decided against government fiscal aid to a proposed organ to buy real estate held by financial institutions as collateral for bad loans, the officials said.

The land-buying agency will be established by the end of this year and start operations within this fiscal year to March 31, Tsuneo Wakai, Chairman of the Federation of bankers association told a press conference.

The cabinet approved the monthly economic report which said there was a sign of recovery in housing construction but none in other sectors.

The number of people employed in June went up 1.5 per cent from a year earlier but the increase rate was 0.8 point smaller than the rate in May, the report said.

Household expenditures went down 3.2 per cent from the year-before level in real terms, while investment in plants and equipment was slowing particularly in the manufacturing sector, it said.

Takeshi Noda, the State Minister for Economic Planning, told a news conference that the fresh pump-

priming measures would be decided Friday.

Miyazawa's government worked out a package of economic stimulants in late March, focusing on the front-loading of public works projects for the current fiscal year in the first six months.

Finance Minister Tsutomu Hata told a news conference that the government should "strictly refrain" from issuing deficit-covering bonds to secure funds for new measures.

Foreign minister and Deputy Prime Minister Michio Watanabe said in a speech Sunday that he was in favour of issuing the bonds to boost the economy.

Experts unable to predict dollar market

WASHINGTON, Aug 26: Currency experts are unable to predict when the dollar's slide will come to a stop after dropping below 1.41 German mark to its lowest exchange rate since World War II, reports AFP.

The dollar began a gradual decline five months ago but picked up speed in the past few weeks, participating from 1.5115 German mark on July 3 to 1.4745 a month later and to 1.4040 late Monday on the New York currency exchange.

Most experts believe the Greenback could still lose several more pennings before it levels off at around 1.38, although some think it can settle even lower at 1.30-1.35 German mark.

"Fluctuations are historically quite large. It is hard to think of a dollar below 1.30 German mark. Is it unthinkable? No," said Daniel Hargreaves, an economist with JP Morgan Bank.

"We have entered a new territory," is the ready answer of many traders who have no clue as to the direction the dollar and the currency market will take.

They only know that five major interventions by central banks since July have failed to prop up the Greenback and they do not expect the US currency to rebound for several months to come.

UK acts to halt slide in sterling

LONDON, Aug 26: The British government acted on Wednesday to halt a slide in sterling, buying the currency on foreign exchange markets and ruling out devaluation, reports Reuter.

Chancellor of the Exchequer Norman Lamont made a rare appeal to foreign exchange dealers in statement broadcast live from the steps of the treasury building.

Lamont said he wanted to erase any "scintilla of doubt" that the government was wavering in its commitment to sterling in the European currency grid, the Exchange Rate Mechanism (ERM).

He said the government would do "whatever necessary" to preserve the position of sterling.

Minutes later the Bank of England moved into foreign exchange markets to buy sterling, driving the embattled currency upwards against the lynch pin German mark.

The central bank buying drove sterling half a penguin higher to around 2.8050 mark from its morning low of around 2.7950 — only about 1.5 penguins off its floor in the ERM.

Norwegian PM calls for tough carbon taxation to protect environment

STAVANGER, Aug 26: Norwegian Prime Minister Gro Harlem Brundtland slammed use of fossil fuels, calling for tough carbon taxes to protect the environment from global warming, reports Reuter.

"They (the taxes) may not be popular, but they are necessary," Brundtland told the offshore northern sea oil and gas conference. "But all such measures in small and medium-sized countries will not make a decisive difference unless they are matched by similar strong measures in major countries."

Carbon dioxide (CO₂) emissions from the burning of fossil fuels are responsible for raising world temperatures and may lead to flooding of coastal areas, scientists say.

"Faced with these threats... the most reluctant countries will have to adopt far more stringent measures with regard to the use of fossil fuels," Brundtland said.

Norway, which produces more than two million barrels of oil per day, has introduced special carbon taxes which have made gasoline here among the world's most expensive.

But other oil producing countries have criticised carbon taxes, saying they only contribute to the state coffers of rich, oil-consuming countries while reducing earnings for developing countries dependent on oil exports.

Taiwan will discourage investment in China

TAIPEI, Aug 26: Taiwan will discourage investment by its businessmen in China to try to stem rising outflows of capital, a senior official was quoted on Tuesday as saying, reports Reuter.

The Economic Daily News quoted Chen Ming-Chang, Head of the Economic Department of the Cabinet's Mainland Affairs Council, as saying excessive investment in China was undermining the island's domestic economy.

"We will cooperate with the Economics Ministry to get Taiwanese businessmen to expand trade but reduce investment," Chen was quoted as saying. The council drafts Taiwan's policy towards China.

Chen said, the government would launch an investigation to discover and punish companies which invested in China illegally, particularly firms which developed industrial processing zones on the Mainland without approval.

Net capital outflow from Taiwan surged to 1.2 billion US dollar in the first quarter of

1992 from 550 US dollar million a year earlier. Officials say much of the money went to China, threatening to cause a shortage of funds at home.

Chen also said the investment was helping to build up Mainland firms into strong competitors against local firms. Taiwan's investment in China is worth over US 3 billion dollar but it still bans projects in some areas such as high technology.

Chen said the government would encourage trade, in which Taiwan runs a big surplus. Trade has been growing rapidly since political tensions began to ease in the late 1980s.

Two-way trade between Taiwan and China through Hong Kong hit a record high of 5.8 billion US dollar in 1991, up from US 4 billion dollar in 1990. It is expected to top 7 billion US dollar in 1992.

The council said on Monday Taiwan would soon let its businessmen hold trade fairs and exhibitions on the Mainland.

India further opens gas, oil fields to foreigners

NEW DELHI, Aug 26: India on Tuesday invited bids from foreign companies to develop 45 proven oil and gas fields jointly with its state-run oil companies, reports AFP.

An official statement said, "technically and financially capable companies" could develop the onshore and offshore fields in collaboration with the Oil and Natural Gas Commission (ONGC) or Oil India Ltd (OIL).

The announcement said the oil and gas fields were located all over India, including in the northwestern state of Rajasthan, along the western and southern coasts, in the remote northeast and in the Arabian sea.

Bidding companies would have to put in their offers by December 31 and contracts were expected to be awarded by the middle of next year, the statement added.

Foreign prospectors have hitherto had access only to drilling for new sources of oil and gas under production-sharing contracts, and not to already discovered fields.

India, which produces about 30 million tonnes of crude annually — enough for some 60 per cent of its oil needs — has been trying to increase output in a bid to cut dependence on imports and meet rising domestic demand.



FLORIDA : US President George Bush (2nd R) visiting an evacuee shelter August 24 after Hurricane Andrew passed through the area earlier in the day. Many people are homeless following the Hurricane which destroyed homes in the south Florida community. —AFP/UNB photo

Algeria to get \$1.1m loan from Arab fund

ABU DHABI, Aug 26: An Arab trade fund will lend Algeria 11.1 million dollar to finance commercial deals with Egypt, Morocco and Tunisia, the fund said in a statement on Tuesday, reports AFP.

It said the Chairman of the Abu Dhabi-based Arab Trade Financing Programme (ATFP), Osama Janfar Al-Faqih, signed the loan agreement Tuesday with three Algerian banks on behalf of the government.

They were to finance deals worth 16 million dollar. They brought to 26.7 million dollar the value of loans provided by the fund to Algeria since it was created two years ago. They were to finance trade deals worth 35.8 million dollar.

ATFP's total loans stood at 51.1 million dollar but it has received loan applications for 152 million dollar to finance deals with a value of 190 million dollar.

IMF's policy on Russia unrealistic, say Japanese economists

TOKYO, Aug 26: The International Monetary Fund's tough stance towards Russia is unrealistic, Japanese economists said, commenting on President Boris Yeltsin's planned visit to Japan, reports Reuter.

"The IMF's idea puts too much emphasis on macro-economic overhaul, which is only aggravating confusion in Russia," said Tsuyoshi Nakazawa, economist at Nikko Research Centre Ltd.

The IMF says it will only provide funds if Russia cut its budget deficit to five per cent of Gross National Product (GNP) and cuts monthly inflation to single figures by end 1992.

The policy demands tight monetary and fiscal policies, freeing of prices and privatisation.

Economists here say this is unrealistic, forcing reform from above, while change must come from the grassroots.

They advised giving preferential terms to foreign investors, increasing investment inspectors that earn foreign currency, improving tax collection, enacting a bankruptcy law and postponing the idea of a rouble stabilisation fund.

"Russia needs more finely tuned policies, like the phasing out of inefficient enterprises and monopolises and strict collection of taxes," said Toshiaki Tomita to Nomura Research Institute Ltd's policy research department.

The reluctance is due mainly to a longstanding dispute over four islands off northern Japan, held by Russia since 1945 and claimed by Tokyo as a pre-condition for large-scale aid. Discussion of the issue is expected to dominate the visit.

The Tokyo government has, however, pledged 2.65 billion dollar in humanitarian and emergency aid.

Hiroshi Takeuchi, Chairman of LTCB Institute of Research and Consulting, said the IMF programme attached too much importance to stabilising the rouble, neglecting real economic conditions.

Other mines include the Kalana owned by

Out of Africa comes good news of booming gold output

By Ken Laidlaw

One ray of hope shines across the harsh African economic scene: the development of the continent's rich gold reserves. Last year, although falling commodity prices took their economic toll on producers, sub-Saharan African gold production increased by 22 per cent.

In the last decade production has risen from 45 tons to 84 tons — in stark contrast with the world's main gold-producing countries where growth has slowed.

The world's biggest gold producer, South Africa, has an annual output of around 600 tons — one-third of the global production.

year. This year Ghanaian-Australian Goldfields in starting up the Iduapriem gold mine with a forecast level of four tons a year.

Such is gold production potential in Ghana that several major North American, Australian, South African and British companies are drilling concessions and some have already had successful finds.

Elsewhere in West Africa, Australia's Broken Hill Proprietary brought into operation a new mine at Syama, Mali, in 1990. It is producing three tons a year and is expected to produce six tons a year by 1994.

Amid all the gloomy news from Africa comes a bright item — rapidly growing gold production. The continent has rich reserves, but for a long time little has been done to develop them. The break through has come in Ghana where production — already triple that of ten years ago — could double again by 1996. Gemini News Service takes a look at golden prospects ahead for sub-Saharan Africa.

Investment officer Mark Keatley told a world gold conference in London: "With the maturing of gold production in the developed world and in South Africa, it is sub-Saharan Africa that offers some of the greatest growth potential in gold mining." Keatley was representing the International Finance Corporation (IFC), a World Bank affiliate.

Gold production potential in the three main producing regions, West, East Central and Southern Africa, is put at 165 tons a year — double the current level, according to Keatley.

At least 10 sub-Saharan African countries now produce gold, but nearly 75 per cent of total production in the region is concentrated in Ghana, Zimbabwe and Zaire.

The most spectacular production rise in recent years has taken place in Ghana. Output has jumped from eight tons in the early 1980s to 26 tons last year.

The IFC forecasts that Ghana could be producing 45-50 tons by 1996. At present it is the twelfth largest gold producer in the world.

the state mining company, Sonarem, with the potential of two tons a year and the Loulo project with one ton a year.

Also in West Africa, Burkina Faso produces four tons a year, mainly by artisanal production; Guinea has two tons a year; and Cote d'Ivoire (Ivory Coast) has two mines at Ity and Aleva.

The IFC forecasts major increases in West African production over the next few years as a result of the much improved investment climate and infrastructure. Total commercial production in the region is put at 65 tons by 1996, with small-scale production adding a future 10 tons a year.

In southern Africa, Zimbabwe is by far the largest producer with 18 tons of gold a year. Britain's Lonrho produces five tons a year while Cluff Resources, Falcon Gold and Rio Tinto each produce two to three tons a year.

Says Keatley: "With the healthy levels of exploration and reinvestment, gold production could maintain or exceed for several years to come the 1991 level of 18 tons."

ing provinces on Zaire's eastern border have been worked for over 2,000 years and are thought to have been the source of gold for the Pharaohs of ancient Egypt.

Until recently the areas have been neglected, but Keatley notes that a major breakthrough occurred last year, when the Government of Zaire signed an agreement sub-leasing part of the concession to a South African-Belgian consortium.

Initial production is expected to be 2.5 tons a year, with a level of 14 tons by 1997. In eastern Kivu province a South African-led venture

exploration is now underway in Burundi and Kenya. Despite the infrastructural, transport and investment problems facing the region, Keatley feels East Central Africa is capable of producing about 60 tons of gold a year, with about half coming from Zaire.

Looking to the future, Keatley concludes that the end of the Cold War, which had divided many African countries into opposing ideological camps, and developments in South Africa provide a positive impetus to gold production in sub-Saharan Africa.

What is now required, says Keatley, is a

The falling price

Average gold price	
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Where gold lies

is expected to produce three to four tons a year.

The major problems faced by overseas investors in Zaire remain the poor infrastructure and the current political and economic crisis which has left most central institutions almost unworkable.

Elsewhere in the region, Tanzania and Ethiopia are both expected to increase their current level of some three tons a year while

substantial increase in exploration expenditure. In the 1980s it averaged only 100 million dollar a year four per cent of world mineral exploration.

In addition, the serious lack of equity capital investment in African mining projects must be reversed.

Ken Laidlaw is a Canadian freelance economic journalist living in London.

Shares mixed in NY, dollar falls again in Europe

NEW YORK, Aug 26 : Stock prices ended mixed Tuesday as the dollar appeared to stabilize after falling sharply in recent sessions, reports AP.

Traders also received some positive news to balance the rapid decline in the value of the dollar, which had pushed the Dow Jones industrial average down more than 100 points in the previous four trading days.

In Europe, the dollar fell to another record low against the German mark. But after dropping to 1.3945 marks, it recovered late in the afternoon to close at 1.4020 marks, down from 1.4050 marks late Monday.

In New York, the dollar also was ending lower against the mark, but above lows for the day.

Weakness in the dollar, which has hit post-World War II lows against the German mark, is viewed negatively on Wall Street because it minimizes the chances that the Federal Reserve will lower interest rates to stimulate the economy.

The decline has resulted mainly from high German interest rates relative to US rates. Investors are attracted to higher rates and have been buying those denominated in marks rather than dollars in recent days.

Also hurting the markets was a report by the Conference Board, a business research group, that consumer confidence in the economy fell in August to an index level of 58.0 from 61.2 in July.