

BRIEFS

Polish workers protest low pay

WARSAW, Aug 27: About 4,000 workers from the strike-bound Ursus tractor factory marched on government offices Wednesday to protest low wages and demand a faster turn-around for their indebted state-owned plant. The march continued a wave of industrial unrest that has been sweeping through Poland since mid-July. A strike at the FSM car factory in Tychy in southern Poland and protests at several Silesian coal mines are supported by a coalition of once Communist-allied trade unions, reports AP.

Singapore firms to buy Chinese tugs

SINGAPORE, Aug 27: Sembawang Maritime has signed a 13 million Singapore dollar (8.2 million US) contract to purchase three high-powered tugs from China, the company announced here. A Sembawang Maritime statement said the new tugs would be built at the Xinhe shipyard in Tianjin, in north China. The contract was signed with the Beijing Enterprise Development Corporation (BEDC) in Beijing last August 12, the statement said. The tugs should be ready by the end of 1993, reports AFP.

Japan's oil import rises

TOKYO, Aug 27: Japan's crude oil imports in July rose 8.4 per cent from a year earlier and 18.9 per cent from the previous month to 128.95 million barrels, the Ministry of International Trade and Industry said Wednesday. The rise reflected a special factor as Japanese oil refiners restrained their imports a year earlier when they had to idle their facilities for regular repairs, ministry officials said. The United Arab Emirates remained Japan's biggest supplier of crude in July for the fourth straight month, followed by Saudi Arabia and Iran, the ministry said in a preliminary report, according to AFP.

NAM leaders given insurance cover

JAKARTA, Aug 27: Heads of state or government attending the Non-Aligned Movement's summit in Jakarta next week have been given life insurance cover worth 1,14,000 US dollar, Antara news agency said Thursday. Any head of state who loses his or her life during the summit will get the full amount while any disability could be compensated by up to 75 per cent of this sum, reports AFP.

US food aid for Africa, CIS

NEW YORK, Aug 27: The United States has offered food aid worth 145 million dollar to countries in Sub-Saharan Africa and the former Soviet Union, the Department of Agriculture said Wednesday. The aid, to be sent before the end of the year, is aimed at relieving food shortages due to drought, currency shortages or distribution problems in the transition from command to market economy, Agriculture Secretary Edward Madigan said in a statement, reports AFP.

New rules won't affect oil export

MOSCOW, Aug 27: New Russian regulations making exporters of strategic products apply for licences should not affect energy export levels, Deputy Russian Energy Minister Andrei Konoplyanik said. Konoplyanik told Reuters by telephone that firms applying for licences had to show the Economic Ministry they were qualified in the export market and that they could perform these functions professionally. Most exports go through a small number of big associations and organisations, which have proved to be qualified. I do not see any reason for a sharp fall in exports, he said, reports Reuters.

Durable goods orders fall in US

WASHINGTON, Aug 27: US durable goods orders fell 3.4 per cent in July, the steepest drop in seven months, the Commerce Department said Wednesday. Experts had expected no change in July from June when orders of durable goods rose 2.7 per cent. Orders of durable goods, which are built to last at least three years, totalled a seasonally-adjusted 119 billion dollar, reports AFP.

India accuses two foreign banks for violating rules

BOMBAY, Aug 27: India's central bank, probing a billion-dollar securities scandal, said two major foreign banks flouted its guidelines, reports Reuters. The Reserve Bank of India (RBI), in its third report on the scandal, said the Bombay-based branches of Citicorp's (CCI, N) Citibank NA and Bank America Corp's (BAC, N) Bank of America NT and SA were among the banks which committed irregularities in securities deals. Both Citibank and Bank of America said they had no immediate comment on the RBI report. It said Citibank flouted certain provision of the RBI guidelines in accepting or issuing bankers receipts (BRS). Fraudulent or uncovered BRS - promissory notes issued by a bank to pledge delivery of government securities - have been at the heart of the 1.2 billion dollar scandal. Citibank has not issued BRS on security paper. It has issued BRS signed by only ones

signatory. Many BRS received by said. Citibank had also accepted BRS which were not in the prescribed form and had not maintained proper records to verify signatures of the issuing banks' officials, it said. RBI's rules require banks in India to hold a minimum number of low-yield government securities. Banks buy and sell these securities directly and through brokers. Citibank, a major player in the securities market, transacted between April 1991 and May 1992, the period of investigation by the RBI, business worth over 215 billion rupee or 17 per cent of such deals by all banks, the report said. It cited several instances of irregularities by Citibank in its deals. Citibank does not hold contract notes and delivery orders in respect of its 3.5 billion rupee contract with Bank of Karad, it said. Bank of Karad has since been liquidated. The report said Citibank was found holding two BRS worth 170 million rupee is-

sued by the State Bank of India, against which it did not receive securities. Citibank was also found holding eight BRS worth 930 million rupee issued by the Bombay branch of the Standard Chartered Bank (STCH, L) for which securities were not delivered. An official of the Citibank had earlier confirmed that Standard Chartered had initiated legal proceedings to recover 900 million rupee but said its deals with all banks had been reconciled. "We don't have any liabilities," he said. On Bank of America's dealings the report said the bank had allowed stock and securities broker Harshad Mehta, the alleged kingpin of the scandal, a credit facility of up to 200 million rupee without authorisation. Though there had been no claim on this amount from anybody so far, the bank had violated banking norms, the report said. The bank has pleaded that this lapse occurred due to a

clerical error, which is difficult to believe", it said. The scandal involved alleged collusion of brokers and bank officials in diverting funds from the government securities market to speculate in shares on the Bombay Stock Exchange. The Central Bureau of Investigation (CBI) has so far arrested 29 people, including Mehta and several other brokers and bank officials, since the scandal broke in April. The RBI report said Bank of America had also allowed its corporate borrowers to use credit facilities for investing in securities against Banking norms. In its second report last month, the RBI had said that over 60 per cent of the securities deals had been done through brokers and more than 40 per cent only through four of them, including Mehta. The latest report said the Bank of America had put through nearly 65 per cent of its securities deals through brokers

Taiwan's \$87.95b reserve highest in world

TAIPEI, Aug 27: Taiwan foreign exchange reserves reached a record 87.95 billion US dollar, the world's highest, at the end of July, Central Bank of China (CBC) officials said Wednesday, reports AFP. The figure represented an advance of 1.36 billion dollar from June, said the officials who attributed the increase to the surging value of its Deutsche-mark holdings and interest increments. They said that 60.81 per cent of the reserves were US dollar-denominated, 22.28 per cent in mark and 11.04 per cent in Japanese yen. The bank also holds 13.54 million ounces of gold reserves worth 6.07 billion dollar. The bank took 10 billion dollar out of the mammoth reserves in February to bankroll major construction projects overseas and on the island. Bank Governor Samuel Shieh said the government had granted up to 120 million dollar out of the island's reserves to several Latin America and southeast Asian countries in low-interest loans or technical aid last year.

US grants MFN status to Albania, Balkan states

President Bush said Wednesday he is granting most-favoured-nation status to Albania and all former Yugoslav republics except Serbia and Montenegro. The move normalises trade relations with the United States, reports AP from Washington. In a statement issued at the White House, Bush said liberalised trade status with Albania is a key part of a US-Albanian trade agreement sent to Congress last June, and marks a historic point in Albanian-American relations. Albania, formerly one of the communist world's most reclusive nations, elected its first post-communist government in elections held last March. Bush said normalised trade relations "could provide an impetus to Albania's faltering economy and help the country's difficult transition ... to a free market." In a related development, Bush said in a letter to congressional leaders Wednesday that he was keeping the former Yugoslav republics of Serbia and Montenegro off the list of nations with duty-free access to the US market. He said he was adding all former Yugoslav republics to the list except those two.

Return the "blood money"

WASHINGTON, Aug 27: A consumer group accuses America's major political parties of taking "blood money" from cigarette companies and suggests they return millions of dollar worth of contributions, reports AP. But the Democrats and Republicans said nobody's breaking any laws, and they plan to keep the money. "It is blood money," said Dr Sidney Wolfe, Director of Public Citizen's Health Research Group. "It is money that has been raised off the death of people in the United States." Public Citizen, an organisation founded by consumer advocate Ralph Nader, said Wednesday tobacco interests have given some 3.1 million dollar in "soft money" to the two political parties during the current election cycle. "Soft money" is political language for contributions given to the parties to be spent on such general uses as voter registration and get-out-the-vote drives. It is not directed to a particular candidate. Wolfe's group said that by June 30 Democrats had received 731,000 dollar in such contributions from tobacco interests, and the Republicans got 1.34 million dollar. In addition, the group's report named 13 people with ties to the tobacco industry who are connected with President Bush's re-election campaign and three on the staff of Democratic presidential nominee Bill Clinton. It also named 29 people who have worked in the Reagan or Bush administrations and another ten who were in previous administrations. "It is no wonder that the US government has performed so abysmally in failing to control the use of tobacco, which kills nearly 500,000 Americans every year and drains 52 billion dollar a year in health spending," Wolfe said. Former Surgeon General C. Everett Koop, an outspoken critic of tobacco, sent a note supporting Wolfe's demand. Koop said taking political money from tobacco companies was "unconscionable." "How can Americans believe political promises for health-care reform when both parties seem to be associated with an industry that disseminates disease, disability and death?" wrote Koop. When asked whether the parties should give the money back, Wolfe replied: "I think that would be a very good idea... They can afford to give back two million dollar." But the parties said they got the money legally, and they're keeping it. "I do politics, and I'm not here to say whether cigarettes are healthy or harmful," said Ginny Terzano, a spokeswoman for the Democratic National Committee. "If he's questioning whether we ought to be taking money from a company making cigarettes, the answer is, we do," Ms. Terzano said. Gary Koops, a spokesman for the Republican National Committee, basically agreed and added that "Nader's group certainly is entitled to their opinion."

Dollar opens higher, stocks rise in Tokyo

TOKYO, Aug 27: The US dollar opened higher against the Japanese yen Thursday, as share prices on the Tokyo Stock Exchange continued to rise, reports AP. The dollar started trading at 125.27 yen, up 0.32 yen from Wednesday's close. In New York, the dollar finished at 124.85 yen Wednesday. Traders said the dollar was buoyed by renewed tensions in the Middle East.

US President Bush announced Wednesday that Western allies were setting up a "no-fly zone" in southern Iraq to protest Shi'ite Muslims from Saddam Hussein's warplanes.

But Masaaki Yamada, a dealer at Citibank, said there was no rush for dollar-buying as often seen in times of international tension. "There's only been a psychological effect, if any," he said.



BERWICK, La: Robert and Donna Goodroe venture into the aftermath of Hurricane Andrew early Aug 26 to look over damage to a neighbour's mobile home that blew over in Berwick, a Louisiana coastal community near Morgan City. Andrew, the first hurricane of the season, delivered its second punch to Louisiana after earlier ripping across Florida. — AFP/UNB photo

Swiss house okays trade with EC

BERN, Aug 27: Amid warnings that Switzerland's uncompromising independence could lead to the country's breakup, legislators voted overwhelmingly Wednesday to join a giant European trade zone stretching from Scandinavia to Portugal, reports AP. The vote in the lower house was 128-58 in favour of the treaty with six abstentions. The main opposition came from members of the right-of-center Swiss People's Party, the only member of the ruling coalition to oppose the treaty. The final decision on whether to join the European Economic Area will be up to voters in a referendum Dec 9.

The market, made up of the European Community and the looser-knit seven-nation European Free Trade Association, would have 350 million consumers. The vote in the lower house of parliament marked the start of a packed fall session that includes votes on easing Switzerland's controls on foreign labour and land ownership.

Large state enterprises employ 70 million workers in strategic industries such as energy, transport and defence. They are forced to sell their output at low prices, and keep surplus workers in their books under the "iron ricebowl" system that has crippled their operations.

China's economy picking up good speed

BEIJING, Aug 27: China's economy is running at full speed, with figures published here Wednesday showing that trade, investment and industrial output are sharply up, reports Reuters. The value of industrial output jumped by 21.8 per cent in July compared with the same month last year, pushing the increase for the first seven months to 19 per cent, according to state statistics bureau figures.

State investment in fixed assets surged by 42.2 per cent, totalling 35.5 billion yuan (6.6 billion dollar). "The national economy is running at a high speed but market restrictions have eased," according to a statement issued by the bureau. "The overall situation is good."

Chinese economists often point to the increased role of market forces to justify optimism that the present high rates of growth will not lead to the kind of inflation that slammed the brakes on a previous spurt in the late 1980s. They argue that market-style reform being pushed by paramount leader Deng Xiaoping is making state industry more efficient and promoting better use of scarce raw materials. The value of industrial sales increased by 24.3 per cent during July, while 96.4 per cent of industrial output was sold. Stimulated by a construction boom, production of cement and rolled steel were up 30.3 per cent and 18.2 per cent respectively.

The growth of imports outpaced that of exports by 6.5 per cent in July, according to the figures. Which reflect increased demand for imported equipment to build new plants. Imports in the first seven months totalled 39.32 billion dollar up 22.6 per cent, and

exports hit 42.75 billion dollar, up 16.4 per cent, leaving a surplus of 3.43 billion dollar. China's massively wasteful state sector is bloating the budget deficit and is the main drag on the economy, but the latest figures show there has been improvement. In the January-July period, state-run firms under the national budget made 17.1 billion yuan (3.2 billion dollar) in profits, up 23.6 per cent. They turned out 116.4 billion yuan (21.5 billion-dollar) worth of goods in July, up 20.9 per cent.

Surging industrial output has been prompted by a call by Deng Xiaoping to aim for double-digit economic growth until the end of the century. The main fear is that rapid growth will hit a brick wall of industrial inefficiency. Western economists see little prospect that state factories can reform themselves fast enough to stop

that happening. Large state enterprises employ 70 million workers in strategic industries such as energy, transport and defence. They are forced to sell their output at low prices, and keep surplus workers in their books under the "iron ricebowl" system that has crippled their operations.

The China Daily, reporting the figures, aid economists from the state statistics bureau were worried about the prospect of rising prices. They were concerned that shortages of raw materials, transport bottlenecks and the scope of new investment — all of them grave problems which cannot be quickly solved — had led to inflationary pressure in the cities. Retail prices were up five per cent in the first half, but the rate is more than double in major cities according to figures already released.

Lankan plantation workers stage strike

COLOMBO, Aug 27: Plantation workers went on strike across Sri Lanka on Wednesday in protest against changes to working conditions, a trade union official said, reports Reuters. "The strike was a success," said a spokesman for the Joint Plantations Trade Union Committee. "In some places all workers went on strike. In others there was about 70 per cent participation" with a total of about 400,000 workers stopping work.

The workers from tea, rubber and coconut plantations are pressing for their pay and conditions to be put down in writing, as promised by the government. The Committee's unions make up about 120,000 of the 700,000 plantation workers in Sri Lanka.

Jakarta signs contracts to explore oil

JAKARTA, Aug 27: US, British and Bermudan oil companies were awarded production sharing contracts Wednesday by Indonesia, reports AFP. Under the contracts the state oil company Pertamina will get 85 per cent of any oil found after the contractors have covered all their costs. Three production sharing contracts and one of enhanced oil recovery for 1992 with a combined investment value of more than 117 million dollar were granted.

Asamera (Tungkal) Ltd of Bermuda was awarded the onshore Tungkal Block in Jambi Sumatra. Asamera has pledged to invest at least 35.5 million dollar over the next six years in the project. US firm Mobil Exploration Indonesia Inc was given a 20-year extension to its production sharing contract for the offshore North Sumatra Block. British Gas Exploration and Production Ltd, in cooperation with Indonesia's Pt Saptia Patra Wisesa, was awarded the production sharing contract for Muturi Block in the eastern province of Irian Jaya. It will invest 50 million dollar over the next 10 in exploration and production.

Indonesia's Pt Suryaraya Teladan was given the onshore Banakat Block in South Sumatra after pledging to invest 35.5 million dollar over the next six years for the enhanced oil recovery contract. In February, Indonesia awarded three oil production sharing contracts with the combined investment of more than 158 million dollar.

Australia looks to Asian tigers to reverse fortunes

SYDNEY: Bitterly disappointed by stagnating trade with Europe and North America and hurting from a deep recession, Australia is looking toward nearby Asian tigers to reverse its economic fortunes. In recent months, business leaders have sought to promote greater trade with Asia, arguing that Australia must learn to identify itself as part of Asia and begin to integrate with the region if the country is to succeed as a trading nation.

"If Australia is to have any influence on the world stage, it must participate as a nation of the Asia-Pacific region," the Australian Society of Certified Practising Accountants said in a paper presented at a recent major business meeting here. Added John Ralph, Chief Executive Officer of CRA Ltd: "How well we do as a nation will arguably be determined by how well we do in Asia." Australia's trade with Asia has grown, accounting of about half of its exports and 40 per cent of its imports. In comparison, Canberra's trade with the United States makes up about 12 per cent and with the European Community 24 per cent of its total trade.

Australian exports to Asia, especially to South Korea, Taiwan, Singapore and Hong Kong, are growing at 22 per cent a year. But while of the country's top 10 export markets are in Asia, analysts say it has failed to capitalise on the region's booming trade in manufactured goods. About of Australian exports to Asia are agricultural and mineral products. A report released by the Business Council of Australia in March described the performance of Australian firms in Asia as "underwhelming."

It said a few Australian companies had tried integrating themselves into the Asian business community while majority chose to stick to Europe and the United States. But data showed companies that invested in Asia earned more profits—about US \$ 429 million—than the others. Canberra has already taken the cue. Foreign Minister Gareth Evans has set up a steering committee made up of trade officials and economists to develop a plan for Australian trade and investment activities in South-East Asia over the next decade. The government's overseas

trade promotion arm, Austrade, has been allocated an additional US \$ 3 million to



open and build up offices particularly in South-East Asia. to go offshore because of the recession and a growing

awareness of Asia's potential. The government has cautioned companies to first do more market research and learn the Asian way of doing business. Said Frankie Lam of Sydney's Research Institute for Asia: "You've got to do long-term planning, build personal relationships and understand and cultures you're dealing with."

One example of Australian success in Asia is pet food maker Uncle Ben, which sells the Pedigree Chum brand suited to Japanese needs. The brand now enjoys a 20 per cent share of Japan's pet food market worth US\$40.5 million. Australian media generally portrays trade with Asia as going one way—with Australian exporting goods and technology. But the opening of a multi-million-dollar Toyota plant in Melbourne in March belies this assumption. Australian Prime Minister Paul Keating called the plant a major turning point in the country's manufacturing industry that would allow Australia to "enter world markets with a world product for the first time." Malaysia has also invested US \$ 3 million on a project in West Australia to develop a

two-seater plane using lightweight, high strength composite material. Australian now wants to offer high value-added services to Asia like tourism and software services. Tourist traffic—mainly from Japan, Korea, Taiwan and Hong Kong—increased by 336 per cent between 1985 and 1991.

But trade officials here are worried about moves by the Association of South East Asian Nations (ASEAN) to create a free trade region. They predict this may hurt Australia's recent success in the region where its exports have climbed from US\$ 3.7 billion in 1989 to more than US \$ 4.6 billion in 1991. The Australian car industry also experienced jitters in March when negotiations between at least eight Australian car-makers and major Japanese firms collapsed due to Japan's agreement with the United States to increase its imports of US-made car components. Last year, Japan bought US \$ 137 million worth of Australian-made car parts. The prospect of losing the Japanese market has stunned the industry which has already lost 10,000 jobs in the past 12 months. IPS bulletin

Dollar up, gold prices fall in NY

NEW YORK, Aug 27: Gold prices fell Wednesday and the dollar closed at 1.4065 mark in New York, up from the record low close of 1.4015 mark the previous day, reports AP.

Traders said the dollar moved in a narrow range, partly on speculation about a realignment of the exchange rate mechanism of the European Monetary System, which links the currencies of most governments in the Common Market. John McCarthy, Chief currency dealer at ABN-AMRO Bank NV in New York, said traders were mildly disappointed by news that orders to US factories for durable goods fell 3.4 per cent in July. The unexpected sharp drop increased doubts about the economy's recovery. "But the good sign was that the dollar still held up fairly well under that pressure," McCarthy said. In New York, the dollar closed at 124.85 Japanese yen, up from 124.55 Tuesday. The British pound closed at 1.9860 dollar, down from 1.9895 dollar Tuesday.