

BRIEFS

\$625b budget for Japan sought
 TOKYO, Aug 30: Budget requests by Japanese ministries and government agencies for fiscal 1993 are expected to total 77.44 trillion yen (\$625 billion dollar), officials said Saturday. The total amount represents an increase of 7.2 per cent over the budget for the current 1992 fiscal year ending next March. The Finance Ministry is to close the accepting of budget requests on Monday. It is expected to slash the requests in light of a tax revenue shortfall in the coming fiscal year, the ministry officials said, reports AFP.

Indian carpet export rises
 NEW DELHI, Aug 30: Export of carpets from India increased to 7,450 million rupees (292 million US dollar) in 1991-92 from 4,200 million rupees (169 million US dollar) in 1989-90, according to official figures available here. During April-June 1992, carpet exports are valued at 1,756 million rupees (68.8 million US dollar) as against 1,292 million rupees (50.6 million US dollar) in the same period of 1991. A number of steps have been taken to boost the export of hand-knitted woolen carpets and cotton carpets, for which a target of 8,900 million rupees (349 million US dollar) has been fixed for 1992-93, reports Xinhua.

French economic growth slows
 PARIS, Aug 30: French economic growth slowed to a crawl in the second quarter of 1992, but unemployment in July dropped for the first time in a year, official figures released on Friday showed. The reports amounted to a mixed bag for the ruling socialist party, which was hoping for an upturn in the economy to reduce the risks of a protest 'no' vote in the referendum on the Maastricht Treaty on European union set for September 20, reports Reuters.

Thai Stock chief faces bomb threat
 BANGKOK, Aug 30: An anonymous caller telephoned a bomb threat to the President of Thailand's Stock Exchange, the latest incident in a dispute over a crackdown in speculative trading. The Nation newspaper reported Sunday. Police put a guard on the President, Seri Chintanaseri, after the threat on Friday, it said. The report could not be confirmed. On Wednesday 300 investors staged a protest at the stock exchange over new rules. A meeting between Seri and investors on Friday failed to end the dispute, reports Reuters.

Fishermen storm pharma plant
 BEIJING, Aug 30: Chinese fishermen stormed a pharmaceutical plant after it refused to stop dumping untreated waste water into their fishing grounds, the China Daily reported Sunday. About 100 angry fishermen smashed boilers and pipelines in the Wugan Chemical Plant in the eastern province of Zhejiang on June 15, it quoted the latest issue of the trade publication China Ocean Journal as saying. Reports of protests against the Chinese powers that be are rare in the government-controlled press, reports Reuters.

South for use of western technology
 JAKARTA, Aug 30: The South countries should promote cooperation in the education field to create potential human resources to study technology from the West. This is the view of Anang Z. Ganil, Director of Indonesia's Post Graduate Programme on Management and Industrial Technology when he was addressing a seminar here Thursday. Antara news agency quoted Anang as saying that human resources had a strategic role in the transfer of Western technology to bring changes in their countries, reports Xinhua.

Chinese GNP could reach highest
 SINGAPORE, Aug 30: China could have a bigger gross national product in 50 years than the United States and Europe combined if reforms to introduce a free market economy succeed, Singapore's former Premier Lee Kuan Yew said. "Once the remaining changes to a free market economy have been made, China's growth will increase rapidly," Lee said in an interview with the official Chinese news agency Xinhua, published here on Sunday, reports Reuters.

NAM delegates talk ways to deal debt

JAKARTA, Aug 30: Delegates to the 10th Non-aligned summit held talks here Saturday on ways to reschedule debt including trading debt write offs for environmental work, officials said, reports AFP.

Under the scheme, which will be discussed again Sunday, developed countries will agree to write off part or all of a debt in return for developing countries agreeing to undertake environmental projects, an African delegate said.

The aim was to find new ways of dealing with the debt burdens of countries, particularly less developed countries, so as "to benefit the debtor countries as much as the donors," he said.

The discussions came on the opening day of a series of talks by an economic committee which will continue throughout the summit September 1-6.

Also on Saturday's agenda were ways of negotiating debts so that developing countries would not find themselves overburdened with debt repayments, said a South American official, adding that specific details had yet to be worked out.

Among the main topics in the continuing talks will be ways of countering a rising tide of imbalances in trade which has benefited the developed countries.

They will also seek to

counter protectionism and "multilateral and bilateral trends of a discriminatory nature" like managed trade, tiered preferences and inward looking trade blocs, according to an official final draft of a document on economic and social issues.

One method will be to initiate various supportive trade policies among NAM members including the adoption of unilateral trade liberalization measures, delegates said.

They also want freer access to the developed countries markets.

Those countries that are producers of individual commodities such as cotton, cocoa or peanuts are particularly

concerned about declining commodity prices, an African diplomat said.

One strategy will be to look at ways of diversifying the economies of those countries dependent on one commodity and to take a "full and active participation in international commodity agreements and arrangements," the documents said without giving details.

Methods of improving production, marketing and distribution through the use of new technology are also on the agenda.

Debt repayments had, because of rising interest rates now created a negative flow of resources to developed countries which constituted "a stultifying constraint on the

path of development," it said.

They would also like to see more non-debt and concessional resources transferred from developed countries and international organisations like the International Monetary Fund.

Increased foreign investment and commercial flows would also help developing countries boost their Official Development Assistance (ODA) to 0.7 per cent of respective Gross National Product pointing out that ODA had stagnated to less than half this amount.

In the official document delegates also called on developed countries to democratize the decision-making process in international financial institutions.

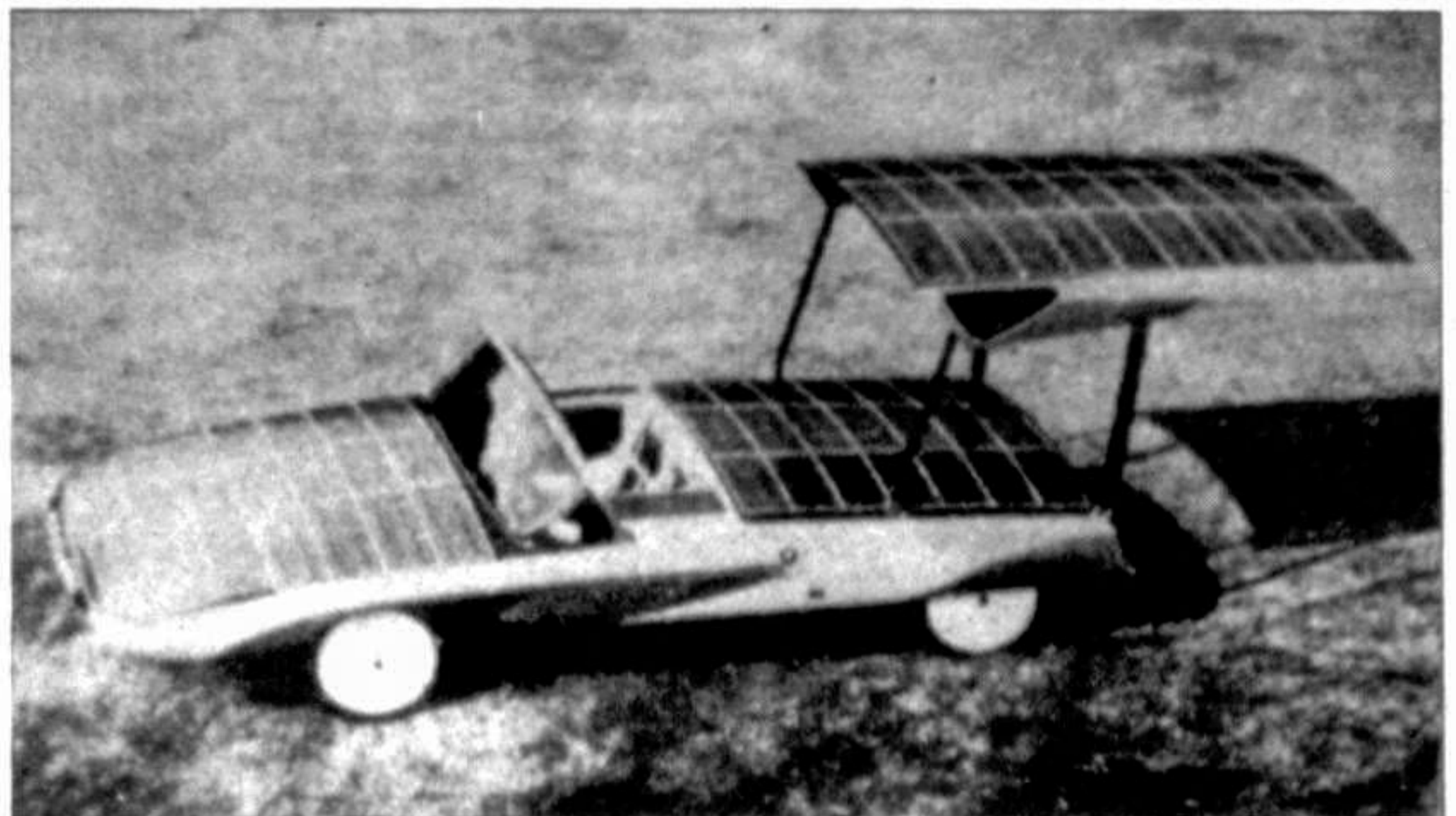
US trade deficit up in 2nd quarter of this yr

WASHINGTON, Aug 30: The US trade deficit jumped 42 per cent to 24.4 billion dollar during the second quarter of this year, widening the trade gap to its worst performance in a year and a half, the Commerce Department announced on Friday, reports AFP.

The imbalance between imports and exports was the largest reported since the fourth quarter of 1990, when it reached 27.8 billion dollar.

During the first three months of 1992, the trade deficit was 17.2 billion dollar.

As usual, nearly half of the second quarter's 24.4-billion-dollar deficit — 11.6 billion dollar — was with Japan.



JAPAN: A solar battery vehicle, developed by the Kansai Electric Power Co, is unveiled August 28 at the company's technical centre in Amagasaki, western Japan for its debut race today (Monday). The solar car's panels can be elongated, adding almost two metres to the length of the 4.1 m-long car and boosting its speed to 120 kph. —AFP/UNB photo

Pakistan opens bid to sell off another state-owned bank

KARACHI, Aug 30: Pakistan has opened the bidding process to sell off one third of the state-owned United Bank Limited (UBL), the third of the nationalised banks to be privatised, UBL sources said here on Saturday, reports AFP.

The UBL is the second biggest bank here, after Habib Bank, with a paid up capital of rupees 1481.86 million (\$9.26 million dollar), and a 148 million shares of rupees 10 (40 cents) total estimated market value of the UBL shares is around 10 billion rupees or 400 million dollar.

Previously, the government had sold off two smaller banks, the Allied Bank Limited (ABL) and Muslim Commercial Bank (MCB), to private owners under its privatisation programme. ABL was sold to its own employees, while MCB was bought by a consortium of leading Pakistani businessmen last year.

The government had also invited pre-qualification bids for the sale of UBL, and as of Habib Bank, which is the country's largest nationalised bank, in November last year. But there were not many purchase offers because of the huge investment involved and alleged accumulation of bad debts by these banks.

This is the second time, UBL is being offered for disinvestment "with assets and liabilities as they are." These have not been specified in the sale offer.

Bright prospects of economic recovery push Tokyo stocks prices higher

TOKYO, Aug 30: Share prices soared on the Tokyo Stock Exchange this week as investors were encouraged by reports of a larger-than-expected new economic recovery package the government was to make public late Friday, reports AFP.

The market's yardstick Nikkei stock average closed up the week Friday at 17,970.79 yen for a 1,753.91 yen or 10.8 per cent weekly gain following a hefty 1,396.63 yen jump the previous week.

The composite Tokyo stock price index (TOPIX) also zoomed up 128.27 points during the week to 1,379.97 it had posted a similar 128.57-point gain the week before.

Trading became fairly active

with average daily turnover more than doubling from the previous week's 254.14 million shares worth 199.3 billion yen (1.57 billion dollar) to 551 million shares valued at 453.65 billion yen (3.66 billion dollar).

The Nikkei has risen more than 3,600 yen since August 19, the day after Finance Minister Tsutomu Hata announced new measures to bolster the slumping stock market.

Hata's announcement came after the Nikkei hit a six-year and five month low of 14,650 yen.

A trader at a major brokerage house said that many individual investors had returned to the markets after a long ab-

sence. "The general consensus of the market now is that the market has gotten out of a historic two-year eight month slump," he said.

The market got off to a sparkling start on Monday with the Nikkei advancing 411.08 yen on weekend news that the Bank of Japan was studying the possibility of cutting its discount rate by 0.5 percentage points to 2.75 per cent per annum to be linked with the government's new economic package.

However, the Nikkei slipped 247.19 yen on Tuesday on profit-taking.

But from Wednesday strong sentiment prevailed as press reports hinted that the gov-

ernment's new economic package would be higher than expected.

On Wednesday the Nikkei advanced 160.88 yen in a session dominated by dealer activity on what was the last trading day for August.

Thursday saw the Nikkei soar 1,013.35 yen, the eighth biggest single day advance in history as press reports said that the new package would total around nine trillion yen (72.5 billion dollar).

But the dramatic resignation of ruling Liberal Democratic Party (LDP) Vice President Shin Kanemaru on Thursday restrained the market at the start of trading Friday.

'Socialist market economy' hits reform

BEIJING, Aug 30: Crammed into warehouses across China are more than 10 million unwanted, unsold colour television sets churned out in the past 19 months by state-owned companies that care only about meeting targets set by Communist Party bureaucrats, reports Reuters.

In a market economy, the factory manager would stop production. China's factories have hardly slowed.

Workers still assemble about one million colour televisions every month. On average, only 500,000 of these ever get sold, according to state statistical bureau data quoted by the official China Daily on Sunday.

Welcome to the confusing world of China's 'socialist mar-

ket economy,' an uneasy hybrid of reform and resistance to change where even threats of electricity cut-off have not yet taught managers that you need to have a buyer for your product.

China's 88-year-old paramount leader Deng Xiaoping this year came out from retirement of push for faster economic growth and more market reforms.

All government officials now repeat the Deng line, and all factories and enterprises are working flat out to push statistics higher.

True reform is still a long way off, however, Chinese and western economists said.

"It is so difficult to reform this economy. There are too

many interlocking problems," said a Chinese official at a money-losing enterprise.

The problem of stockpiles — the as-yet unsuccessful target of a year-long campaign by one of Deng's top Henchmen — epitomises the difficulties the government has in controlling its economy.

Managers cannot cut production without setting off a chain of angry complaints from workers who need their bonuses, suppliers who have to keep their own factories producing and bureaucrats under pressure to show high production figures.

"There is an extremely large gap before this year's target for limiting stockpiles can be met," the state council's economics and trade office

warned in a statement quoted in the People's Daily on Sunday. "We are still facing an extremely grim situation."

The cabinet's economic watchdog agency again threatened to cut off bank loans and electricity to companies that continue to produce blindly, a warning that so far it has been unable or unwilling to carry out.

Though the dollar value of stockpiles dropped slightly in July for the second month in a row, bank statistics, quoted in the official press on Sunday, show that enterprises still have 135.5 billion yuan (US 25 billion dollar) tied up in warehouse goods, up 25.7 billion yuan (4.8 billion dollar) from the start of the year.

Recycled savings

WAUKESHA, (Wis) Aug 30: A woman nearly lost her life savings of 57,788 dollar when the newspapers she stashed it in were taken to a recycling center, reports AP.

The woman, who police refused to name, had hidden the cash, bonds and certificates of deposit in a stack of newspapers, which a relative unknowingly placed on the street for pickup.

"She thought she had everything in a safe spot," said police Sgt Jeff Fulwiler.

The woman was discovered Thursday in a leather folder by a sorter at the recycling center in Waukesha, a Milwaukee suburb.

"If he hadn't spotted the stuff when he did, it would have continued up the conveyor belt and been baled in a 1,000-pound (453 kilos) bale and then shipped off," said center manager Bill Ashby.

Hurricane Andrew shakes prices of sugar, cotton, coffee and oil

LONDON, Aug 30: Hurricane Andrew, which hit the Bahamas before devastating the south Florida and coasts of Louisiana, shook the prices of sugar, cotton, coffee and oil because of fears that it will have damaged harvests, warehouses and refineries this week, reports AFP.

However, the impact on supplies was found to have been less than generally feared in most cases and had little impact on world supplies.

The increase in tension in the Gulf after the announcement from US President George Bush of a "no-fly" zone over southern Iraq also affected oil prices, with the market already having prepared itself for a new allied attack.

The prices of precious metals were helped by the falls of the dollar and the stock markets with investors turning to the metals as safe havens in the storm.

Uncertain economic news from the United States and Japan limited the gains.

Gold: Higher. The price of gold rose slightly over the week, stabilising at around 340 dollar an ounce, with gold taking its traditional role as a safe haven from the falls on the stock market and of the dollar.

The gains were limited by sales from investors, notably the Australians, who were disappointed by gold's failure to leap spectacularly when the dollar fell.

Platinum: Higher. The price strengthened with gold and following rises on the Japanese stock market. However, the depression in the car industry, the main market for platinum, continued to depress prices, after Nissan Motor, the second largest Japanese car-maker, announced it was expecting a loss for the year ending March 1993.

Silver: Lower. After having fallen in the middle of the week to its lowest level since February 1991, silver price began a partial recovery, helped by speculative buying and a recovery in other precious metals.

The price fell initially after speculators sold to move into the gold market and figures confirmed the recession in the United States.

Copper: Lower. Prices drifted down over the week as concerns about the state of the US economy, which on Wednesday showed an unexpected drop in durable goods, continued to dampen the market.

News that Polish mine

workers at the state owned copper producer KGHM will not resume strike action as predicted further weakened the ebbing fears of a cut in supply. A rebound in the Nikkei stock average halted the slide on Thursday, stabilising the prices, as it carried signs of renewed confidence in the Japanese economy.

Lead: Firmer. Lead price firmed at the end of the week after dipping initially, strengthened by news that the unions at the Peruvian mining firm Centromin have agreed to an indefinite strike from mid-September. Centromin produced 36,661 tonnes of lead in the first half of 1992 and news of a strike unsettled the market.

Lead stocks rose 4,275 tonnes to 154,825 tonnes, their highest level since March 1984.

Zinc: Sharply higher. The price of zinc moved sharply higher over the week and backwardations widened as traders started to focus on the likelihood of another engineered squeeze on exchange supplies in the last quarter of 1992.

Traders said they believed a group of trade houses and producers using strategic purchases of futures and options

intended to keep LME zinc prices at a high level while 1993 contract negotiations.

Aluminium: Slightly higher. The price of aluminium edged slightly higher over the week, largely on increased consumer buying, dealers said.

The International Primary Aluminium Institute (IPAI) in a twice yearly projection of members' annual alumina production capacity put the total by mid 1995 at 38.04 million tonnes from 36.4 at mid 1992.

Nickel: Slightly lower. The price of nickel was slightly lower over the week, rising mid-week only to fall back as signs of the weaker US and Japanese economies emerged.

Meanwhile, although the rate of increase in stocks of nickel has slowed, stocks are still considerably higher than the 12,000 tonnes previously considered the norm, floundering of the Japanese economy has put a dampener on short-term prospects for nickel.

Tin: Slightly higher but off highs. The price of tin rallied over the week, ending higher but off its peaks after profit taking affected the market, dealers said.

The fundamentals still look good for tin with active concern over longer term supply

supporting the market which recently suffered some speculator-driven falls.

Tin stocks: rose 45 tonnes to 14,695 tonnes.

Coffee: Higher. The price of coffee jumped on fears of damage caused by Hurricane Andrew to the coffee warehouses in Louisiana and of a General strike in Brazil.

Demonstrations seeking the impeachment of Brazil's President Fernando Collor de Mello created fears of disruption to supply from the world's leading coffee producer.

Sugar: Firm. The price of sugar was boosted at the start of the week by fears of widespread damage to the sugar plantations of Louisiana caused by Hurricane Andrew.

The prices fell back as reports showed the damage was less serious than had been feared and would have a limited impact on world production. Louisiana contribute 10.5 per cent of total US production.

Vegetable oils: Higher. The price of coconut oil rose after estimates from the Asian and Pacific coconut community that the world production will fall in 1992 by 3.2 per cent from the year before to 8.52 million tonnes.

The production for 1993

Indian growers propose cut in tea output

GUWAHATI (India), Aug 30: Tea producers in India's northeast Assam state on Saturday proposed the country's tea output should be cut down by 40-50 million kg (88-110 million lb) to stabilise the market against falling demand, reports Reuters.

Tea prices dropped sharply at this week's auction in the northeastern city of Guwahati because Russia, India's biggest export market, bought nothing after running out of credit, brokers said on Thursday.

"With the Russian pullout from the Indian tea auctions, we are facing huge stocks remaining unsold," Makhaniyal Jalan, Senior Adviser to the northeast India Tea Association said in a statement.

"We are faced with the prospect to sell our best teas at throwaway prices to internal buyers. We do not want to do that to avoid losses," Jalan said. "So the alternative is to control production."

Brokers said they had lost up to seven rupee (about 25 US cent) on every kg of tea sold, on average, about between one-fifth and one-sixth of the selling price before the crash.

They said Russia had bought only 15 million kg (33 million lb) so far this year against a promised 60 million kg (132 million lb).

Under a 1992 trade proto-

col, India had extended a credit of 85 million dollar to allow Russia to buy that amount.

The Russians had been buying between 600,000 and 700,000 kg (1.323 and 1.543 million lb) of tea every week at the Guwahati tea auction centre, the world's largest handler of good quality CTC (crush, tea and curl) teas.

But last week the Russians pulled out of the market after exhausting the first credit instalment of 32 million dollar, brokers said.

Traders said India was not willing to release the rest of the credit as Russian had failed to deliver on commitments to supply petroleum and other products to India under the trade protocol.

Guwahati auction centre Secretary Jayanta Kakoti said that after the Soviet Union's collapse in December last year, Russia's entry into the market had reassured a worried Indian tea industry.

Jalan said out of 190-200 million kg (419-440 million lb) of annual production, the former Soviet Union would import 110-115 million kg (242.5-253.5 million lb).

Tea prices had risen steadily since the financial year ending in March 1989 due to increasing domestic demand and steady foreign markets like the Soviet Union.

BCCI creditors asked to vote for compensation

ABU DHABI, Aug 30: Creditors in the United Arab Emirates who lost money when Bank of Credit and Commerce International (BCCI) closed down last year were asked on Saturday to vote on a plan for partial compensation, reports Reuters.

The court receiver's office for the UAE branches of the bank said it would mail 40,000 ballots to the banks' local creditors starting in September.

The bank's liquidators and the majority shareholders agreed on a compensation plan of between 1.7 billion dollar to 2.2 billion dollar to pay back creditors.

The extent of the offer will depend on the success of asset sales by liquidators touche loss.

An official from the UAE court receiver's office told that UAE creditors could receive between 30 and 40 per cent of their claims if they vote for the arrangement.

"We are going to write to the creditors ... for their yes or no to the contribution and pooling agreement which has been submitted to the Luxembourg

court, the official said.

The Abu Dhabi ruling family and a number of government institutions were 77 per cent shareholders of BCCI when it closed in July 1991 after allegations of fraud.

They earlier rejected depositors requests to raise the compensation offering to 4 billion dollar.

The Luxembourg district court ordered in July that creditors of BCCI SA, including those in the UAE, be consulted about the reimbursement arrangements, the UAE court receiver said.

"(The arrangements are) designed to provide relief for the suffering caused by the closure of the bank, Abdul Aziz Mohammed Saeed, court receiver for UAE branches, said in a statement sent to Reuters.

Creditors in the UAE with claims against the country's eight branches were advised not to take any action to recover their money until they receive their ballots, announcements published in local newspapers.

Muscovites shopping as rouble falls sharply

MOSCOW, Aug 30: Muscovites went on shopping sprees for furs, rugs and jewellery this week in anticipation of new price rises after the value of the rouble fell sharply from 168.1 to 205 to the dollar, reports AFP.

Jewellery was in particularly high demand here. Younger "speculators" rushed to buy heavy gold chains, costing between 10,000 and 80,000 roubles.

Couples tended to top for rings set with precious stones, for between 20,000 and 300,000 roubles.

Older people went for amber necklaces — 3,000 to 5,000 roubles — or silver.

When one large state jewellery emporium in central Moscow attempted to close on Friday evening, there was disorder as customers fought over the last few remaining items.

The private jeweller next door was, by then, left with only empty jewellery cases.

By Saturday morning several jewellers — who had been fully stocked at the start of the week — had resorted to decorating their now empty shelves with catalogues or artificial flowers.

Jewellery is easily transferred into cash and most Russian jewellery stores function like second-hand shops.