Seoul to help Russian industries

BRIEFS

SEOUL, Sept 2 : South Korea said on Tuesday it would help its former ideological foes in the Kremlin to wean key Russian defence industries from military into civilian hands. The agree ment was contained in an industrial pact ratified by South Korean Trade Minister Hahn Bong-Soo and his Russian counterpart Alexander Titkin, currently on an official visit to Seoul, reports Reuter.

India raises grain support prices

NEW DELHI, Sept 2: India has increased the grain procurement support prices for the current khartf (autumn) crops and the price hike is the biggest-ever. The minimum support price of paddy has been stepped up by 40 rupee (1.5 US dollar) a quintal to compensate the growers for increased production costs. The prices of other kharif crops, including coarse grains, oil seeds, pulses and cotton, have also been raised substantially, reports Xinhua.

Oil pollution grave in Colombia

SANTA FE DE BOGOTA. Sept 2: Oil pollution is serious in Colombia as a result of continuous guerrilla attacks as well as the lack of a clear government policy on environmental controls. According to a full survey made public by the state-owned Colombian petroleum company here Monday, there are no environmental controls placed on the 42 oil companies that are extracting oil in the country, reports Xînhua.

US construction activity falls

WASHINGTON, Sept 2: US construction activity declined 0.6 per cent in July, the second consecutive drop and the worst since December, the government said Tuesday. The value of new construction put in place fell to a seasonally adjusted annual rate of 422 billion dollar, the Commerce Department said. In advance, economists were looking for a gain of about 0.5 per cent. They were hoping the lowest interest rates in 19 years, near 8 per cent for 30-year mortgages, would stimulate greater activity, reports AP.

UN sanction hits Belgrade daily life

BELGRADE, Sept 2: Stricter enforcement of the United Nations embargo against Serbia and Montenegro is resulting in oil shortages which are severally affecting daily life and the economy. For three days it has been impossible to find petrol in Belgrade - a city of 1.5 million people - and several provincial towns have been without petrol for more than a week, reports AFP.

ADF to help French language varsity

ABIDJAN. Sept 2: The African Development Fund (ADF) will provide a grant of about 1.25 million US dollar African Universite Senghor, also known as 'the French language international university in the service of African development,' which is based in Alexandria, Egypt. A press release issued on Monday by the African Development Bank Group to which the ADF belongs, said grant will help the university to strengthen the scientific fields and increase the number of scholarships, reports Xinhua.

Colombian coffee harvest begins

SANTA FE DE BOGOTA. Sept 2: The Colombian coffee harvest began Monday amid general gloom over lower prices, as the government moved to persuade growers to switch to other products. Because of the fall in international coffee prices, the government has reduced its buying price for beans twice this year, taking it down to 85,000 peso (121 dollar) per 125-kilo (275-pound) bag. reports AFP.

Mexican police seize cocaine

MEXICO CITY, Sept 2: After a four-hour aerial chase and a shootout with drug traffickers. Mexican police setzed 2.5 tonnes of cocaine in the northern state of Sinaloa, the Attorney General's office said Monday. Rodrigo Esparza, the office's representative in Sinaloa. said the Colombian-registered Gulfstream aircraft. travelling without a flight plan, entered Mexican air space from over the Pacific ocean on Saturday, and that police went after the plane. reports AFP.

SE Asian economies most dynamic

India to make rupee fully convertible

as early as possible

WASHINGTON, Sept South East Asian economies were the most dynamic during the last 25 years, with their **Gross National Product (GNP)** growing at an annual rate of 5.3 per cent, while population rose 1.9 per cent, the world Bank said in its recently released report "Social indicators of development 1991-92",

according to AFP. Most of the world's countries saw their standard of living rise during that period, an improvement that contrasts starkly with countries strapped by recession, the report says.

On the Indian sub-continent, per capita GNP rose 1 9 per cent a year and population 2.3 per cent a year.

South Korea was the top GNP gainer, expanding at an annual 7.1 per cent, while per capita income soared from 580

NEW DELHI, Sept 2: India

is committed to making the

rupee fully convertible for for-

eign trade "as early as possi

ble," to boost exports, Junior

Commerce Minister PJ Kurien

tingent on having a comfort-

able foreign exchange reserves

position and a sufficiently low

rate of inflation, comparable to

the levels of inflation prevail-

ing in the international mar-

kets," Kurien said in an inter-

view with the Economic

that it will come sooner than

expected," Kurien was quoted

dealers say the time is ripe for

the rupee's full convertibility

for over seas trade as a further

step towards the complete

Kuala Lampur

Mayor resigns

over dubious

car purchase

Kuala Lumpur Mayor Blyas

Omar resigned. Wednesday.

saying he was taking responsi-

bility for city hall's dubious

purchase of 23 automobiles.

alleged that the cars, which

should be reserved for official

use, were being used by some

city officials and their families

In a statement issued

through the National News

Agency Bernama, Elyas, who

has been mayor for 11 years.

acknowledged that the car-

purchase controversy "could

The auditor general's office

LONDON, Sept 2 : Political

and economic turmoil in

Europe has forced EC Finance

Ministers to prepare crisis

plans in case their grand strat-

egy for a single currency col-

the ministers at talks next

weekend in southern English

city of Bath will develop con-

tingency plans to shore up the

European Exchange Rate

Mechanism (ERM) and the vi-

Analysts and officials say

lapses, reports Reuter.

tarnish the image of City Hall."

has said the cars, all Volvos.

were bought without prior ap-

proval from the federal trea-

for personal purposes.

Local press report last week

reports AP.

KUALA LUMPUR, Sept 2:

In an initial step, the gov-

lifting of exchange controls.

by the newspaper as saying."

"I have reasons to believe

Most foreign exchange

"Full convertibility is con-

said, reports Reuter.

dollar in the 1970s, to 5,400

dollar in 1990 China ranked second for the same period with a 5.8 per cent annual GNP growth, and income rising from 180 to 370 dollar a year.

The World Bank lacks 1965-1990 GNP data on Cambodia. Laos or Vietnam, or for the former communist countries of eastern Europe.

Industrialised nations saw their GNP grow 2.3 per cent a year on average and Arab nations (the Middle East and Maghreb) 1.8 per cent.

Among the industrialised nations, per capita income in Japan grew from 900 dollar in 1965 to 25 430 in 1990. It rose in Germany from 1.930 dollar to 22.360 GNP, in the United States, from 3.650 dollar to 21,790, and in France, from 2,030 dollar to

19.490 Wealth was better dis-

ernment devalued the rupee by

18.74 per cent against the dol-

lar in June last year and made

overseas traders in March this

eign exchange reserves are

now comfortable and that infla-

India's foreign exchange re-

serves at end-July stood at dol-

lar 6.5 billion compared to dol-

lar 1.28 billion a year ago. Year-

on-year inflation in mid-August

was 8.3 per cent against 16.7

Trade and export organisa-

tions have been demanding the

rupee's full convertibility say-

ing it would help develop a

free and competitive market in

ibility of the rupee will also

help curb illegal transfers of

foreign exchange by non-resi-

clashes in the region.

Tension within the ERM

has combined with fears that

the whole edifice could be up-

set by a no vote in a September

20 French referendum on the

Maastricht Treaty on closer EC

tempt to reinforce morale, to

hold the line, to show a unite

front, ...," said Graham Mather.

President of the European

Policy Forum, a London Think,

We will see a further at-

Exporters say full convert-

per cent a year ago.

foreign currencies.

dent Indians.

tion is down to single digits.

partially convertible for

Economists say India's for-

tributed in Germany than in the United States. Twenty per cent of German households controlled 30 per cent of the nation's wealth, while in the United States, the same number of households had amassed

42 per cent of the wealth. African nations, excluding North African countries, were among those with the weakest economic growth.

Between 1965 and 1990 GNP in those African nations barely grew 0.2 per cent a year and included a 1965-88 slump that averaged a negative growth of 0.1 per cent a year.

Squeezing per capita income growth was the annual 2.9 per cent increase in African populations during the same period.

A total of 17 African nations experienced a decline in GNP in the last 25 years, led by Uganda, which posted the steepest decline at a negative

Lifting exchange controls

would be part of the liberalisa-

tion process begun by Prime

Minister PV Narasimha Rao's

government in its attempt to

cope with 74 billion dollar of

foreign debt and revive the

introduced a series of reforms

to reduce protectionism and

Finance Minister Manmo

Under the new system, ex-

han Singh has promised the

rupee's full convertibility

porters can sell 60 per cent of

their foreign exchange earn-

ings in the free market after

surrendering the remaining 40

per cent to the Reserve Bank

of India (RBI) at a fixed rate.

The government uses the for-

eign exchange thus surren

dered to pay for importing oil

and petroleum products, fer-

tiliser and other essential

BACK TO HOME: More than 1000 CIS holiday-makers board a waiting ship for their

evacuation from the Black Sea port of Suchumi, CIS-Georgia August 31. Thousands of

refugees have left Abkhasia over the last few days because of rising violence due to ethnic

British Chancellor of the

Exchequer Norman Lamont

chairs the informal meeting

and must balance two prob-

lems overshadowing the offi-

kets with central bank inter-

vention without alienating

French voters in the referen-

dum. That means avoiding

higher interest rates or a polit-

ically contentious realignment

of ERM currencies before

- Stabilise currency mar-

cial agenda.

Political, economic turmoil in Europe

forces EC to prepare crisis plan

Since June last year it has

struggling economy

stimulate competition.

within two to three years.

2.4 per cent, in Nigeria, Africa's most populous nation with 115.5 million residents. per capita income fell from 400 dollar in the 1970s to 290 dollar in 1990.

But tiny Botswana, with a population of 1.2 million, saw its per capita income rise from 350 dollar to 2,040 in the same period.

In most of Latin America and the Caribbean, economies grew an average 1.7 per cent a year. Paraguay led with a 4.6 per cent growth a year, followed by Brazil at 3.3 per cent a year However, seven countries saw their GNP shrink since 1965. The seven are Argentina. Bolivia, Jamaica, Nicaragua, Peru, El Salvador and Venezuela.

Nicaragua's economy plummeted a negative 3.3 per cent a year on average, the sharpest decline in the region.

Other indians are barred

from holding foreign exchange

Commercial banks

given greater freedom

restrictions governing com-

mercial banks and will now al-

low them to make their own

decisions on the opening of

overseas branches, according

to a central bank circular made

Decision-making on spe

cialised branches such as hous-

ing and industrial financing

will now also be left to the

banks with the approval of

their boards, the circular said.

no longer require the approval

of the Reserve Bank of India,

the country's central bank, for

the shifting of premises or

spinning off business, but prior

approval is still needed for the

opening of new branches, it

-AFP/UNB photo

Discreetly prepare con-

tingency plans to deal with the

economic fallout, particularly

on financial markets, of a no

vote derailing the whole

course of monetary union

which envisages a single EC

currency by the end of the

the ERM creaking under the

most severe strains since

1987, the last time currency

parities had to be reshuffled to

cope with a surging German

The past 10 days have seen

Domestically the banks will

AFP reports: India has eased

commodities.

public Tuesday.

faces resistance from Japan over plans

TOKYO, Sept 2 : Arthur Dunkel, director-general of the general Agreement of Tariffs and Trade, met with resistance from Japanese officials Wednesday over his plan to conclude the troubled Uruguay Round of trade talks, reports

The government objects to the GATT chief's call for an across-the-board conversion of national import barriers to tariffs. Japan's rice farmers have insisted that the government continue its ban on all rice im-

Agriculture Minister Masami Tanabu told Dunkel that in Japan "it's extremely difficult politically" to support the plan, a ministry official said at a briefing.

Finance Minister Tsutomu Hata also told Dunkel that his proposal is unacceptable, Kyodo news service reported.

At a separate news conference, Dunkel said that negotiators want to avoid setting a precedent by permitting any exceptions to his "tariffication" plan. That would include rice or, in the case of some Caribbean countries, bans on

EC economies likely to grow by 1.5 pc

COPENHANGEN. Sept 2: The economies of the European Community are likely to grow by around 1.5 per cent in 1992 against a previous estimate of 1.7 per cent the EC's Commissioner for Economic Affairs Henning Christophersen said, reports

The commission has been forced to adjust growth forecasts several times in the past year. Our spring economic forecast saw growth of 1.7 per cent, but today I can say it will rather be around 1.5 per cent,"

The communities forecast for Gross Domestic Product (GDP) growth in 1992 has been successively scaled down form a figure of 2.5 per cent made in autumn 1990.

Christophersen, speaking at a seminar in Copenhagen arranged by the Danish financial daily Boersen, has in the past, issued revised figures before they were officially published.

The spiring economic forecast saw 2.25 per cent growth in 1993, but Christophersen said this might have to be re-

"We see no signs that the situations will be much better in 1993. The low growth will result in rising unemployment and this will not help put state budgets in community countries in order," said Christophersen.

He said growth could not be boosted without lowering real interest rates which he said were at historically high levels.

India's textile exports up

NEW DELHI, Sept 2: India's exports of man-made textiles in the first three months of the 1992-93 financial year reached 3151.4 million rupee (123 million US dollar), an increase of 74 per cent over the corresponding period of the previous financial year, reports

According to A S Kasliwal, chairman of the Synthetic and Rayon Textile Export Promotion Council, the export target of 15,280 million rupee (599 million US dollar) for 1992-93 will be achieved.

In 1991-92, the exports were 11,060 million rupee (433 million US dollar) as compared to 6,360 million rupee (249 million US dollar) in

Libyan economy in bad shape, admits Gadhafi

speech focused on the rejection of Western demands to hand over two bombing suspects. Libyan leader Moammar Gadhafi admitted his country was facing economic problems and could not afford to pay its employees, reports AP.

During a nationally televised speech Monday night marking the 23rd anniversary of the military coup that brought Gadhafi to power, the Libyan leader urged his people to set up private schools and hospi-

This part of the speech was monitored by the British Broadcasting Corporation in London.

Gadhaft previously has urged his people to enter into private businesses and production, but this is the first time he publicly admits the state is unable to pay its employees.

You (the people) have been saying that some people have not received their salaries," he

Yes, this means that there is no money. This is nothing to be ashamed of. If the oil revenue is not enough for health, education, or salaries, that's no secret."

During a meeting last June of the General People's Congress, a form of parliament, many Libyans openly complained about delays in salary payment, and poor conditions of public services such as schools and hospitals. Representatives from distant desert provinces said their schools had no desks; black board or chalk.

Gadhafi said the shortage "is not caused by embezzlement or by stealing", but by government spending on development projects.

He called on the govern ment to reduce spending in some areas that he did not specify "and use the savings to pay the salaries or spend on health or education."

He also called for more privatisation and encouraged individuals to set up private

schools, universities, clinics and hospitals.

Libya exports around 1.1 million barrels of oil a day. which earned it some 630 mil lion dollar in 1991. Weak oil prices in the past few years have harmed the economy, but critics say Libya has wasted its money on sponsoring "freedom fighters" in other countries and on grandiose projects such as a massive steel plant and an artificial river costing billions of dollars.

Libya faces the threat of an international embargo on its oil exports. The UN Security



Council last April imposed air. arms and diplomatic sanctions on Tripoli for its refusal to hand over for trial in the United States or Britain two men suspected of blowing up Pan Am 103 over Lockerbie in December 1988. The blast killed 270 people.

If Libya maintains its stand. the Security Council could step up the sanctions to include an embargo on Libyan oil, a move that would certainly strangle Tripoli's economy.

Over the past three years, Gadhafi has steered away from strictly socialist practices, allowing businesses, small factories and private hospitals and reactivating the banking sec-

Forecast on US economy

Stagnation to continue even after election

WASHINGTON, Sept 2: The government's chief economic forecasting gauge registered a paltry 0.1 per cent gain in July, according to a report issued Tuesday, signaling economic stagnation past the election and longer, says AP.

The drop in the Commerce Department's Index of Leading Indicators, designed to predict economic activity six to nine months in advance, followed a revised 0.3 per cent decline in June, the worst in 18 months. The original estimate for the June index was a decrease of 0.2 per cent.

Analysts expected the anemic rise in July and said it was a symptom of obstinate "structural" problems facing the economy. They include layoffs in banking and other financial services, the reduction of post-Cold War military spending, the collapse of

commercial real estate prices

and the overhang of debt built up by businesses, consumers and the government during the 1980s. Economists believe growth

will pick up next year, but that's not much comfort for President Bush, who faces unhappy voters in two months.

Theres little hope of a significant pickup between now and the election," said economist David Berson of the Federal National Mortgage Association.

An even more politically important statistic - the nation's unemployment rate for August - is due out Friday. Most analysts are expecting it to decline slightly to 7.6 per cent, not much better than the eight-year high of 7.8 per cent hit in June. After that, only one more unemployment report will be released before the election.

'Ukraine can again become breadbasket of Europe'

KIEV, Sept 2: Ukraine could regain its historical role as a major agricultural exporter despite the 1986 Chernobyl nuclear accident that has cast suspicions on its agricultural bounty, a member of a US trade delegation said Tuesday, reports AP.

Ukraine represent one of the

the world. In the long term, it producer and exporter," said David Rowe, manager of global strategy for the American agrochemical company Dowelanko.

Ukraine was called the

breadbasket of Europe before

the Bolshevik revolution

brought famine and hunger

across the wide fields of rich.

black soil that stretch across

the Ukrainian plain. Soviet col-

lectivised farming never gave

Ukraine prosperity, and the

1986 Chernobyl nuclear disas-

ter damaged the country's

September 20 sion of economic and monetary Smuggling dims some sparkle of Angolan diamonds

LUANDA, ANGOLA, Sept 2: Already a major source of diamonds. Angola is hoping to take advantage of its new-found peace to fully develop its vast deposits. But a wave of smuggling has dimmed once glittering prospects. Industry sources estimate 30,000 clandestine miners - known as "garimpeiros" - have flooded the diamond-rich northeastern province of Lunda Norte in search of the precious gems in remote river beds, according to AP.

Government officials say that could be costing the battered African nation up to Five million dollar a week as illegal trading outstrips legitimate sales. There are also fears that a flood of illegal diamonds onto the market will seriously undercut international diamond prices.

The London-based Central Selling Organization, which controls, most of the world's diamond sales, is being forced to buy up the illegal Angolan gems to stabilize the market. The smugglers invaded Lunda Norte in the wake of the

May 1991 cease-fire that ended a 16-year civil war between the Marxist government and the US-backed UNITA rebel movement. The conflict started shortly after Angola gained its independence from Protugal in 1975. The arrival of the smugglers has dented hopes of an early

injection of foreign investment to lift Angola into the major league of diamond exporters following last year's truce. Angola, rich in oil and other natural resources, is currently

the seventh largest producer of diamonds in the world. Under Portuguese rule, it was the fourth largest, exporting between 5% and eight per cent of the world's diamond production. In 1974 output peaked at 2.4 million carats.

Production fell sharply after the war began as diamond mines became the frequent target of rebel forces. It was heading back up again by 1986, but began slipping in recent years. In 1990, for instance, diamond production totaled only

1.24 million carats. Illegal mining, theft and smuggling have been blamed for the most recent drop since those activities have left fewer diamonds available for legal exports.



Visitors to the Cuango Valley mining region describe a Wild West environment created by miners and dealers from South American and other African nations as well as civil war Government attempts to regain control from the often heavily armed "garimpeiros" have been hampered by the slowmoving peace process under which the two warring factions

are being demobilised and a new, united army formed. UNITA, the National Union for the Total Independence of Angola, operated its own mines during the war. But its leader, Jonas Savimbi, denies persistent reports his movement continues to export diamonds clandestinely to finance its campaign for Angola's first free elections in September.

With the economy in tatters after the war, many Angolans have seen diamond smuggling as a quick escape from poverty. One young gem trafficker in Luanda said with luck and hard work, a 'garimpeiro" could earn as much as dir 600,000 after three months in Cuango. The minimum monthly wage for an Angolan worker is 67 dollar. The flashy-dressed smuggler, who declined to given his name, said he sold his diamonds to Lebanese traders in the capital, Luanda.

Noe Baltazar, managing director of the state diamond company, Endiama, called for the government to crack down on illegal diamond dealing to protect the country's legitimate

"It's an attack on the stability of the diamond market ... this reflects on the source, on the producers," Baltazar said in a recent interview. Angola's attempts to re-establish itself in the global di-

amond network have included a re-entry into the de Beers diamond cartel in 1990 after a five-year absence. Foreign investors have expressed interest not only in Angola's alluvial diamonds but in its deposits of kimberlite, a

rare, mineral-rich rock in which diamonds often are found. De Beers officials say developing a viable way to mine kimberlite would require an investment of up to one billion dollar, but it also could quadruple Angola's annual production.

great agricultural regions of will regain its historical position as a major agricultural

"The soil and climate of

farming reputation even fur-"There are continuing concerns about food from the Soviet Union, but most American consumers do not identify Chernobyl with Ukraine," said Rowe, who was in Kiev with a visiting US trade delegation.

Delegation leader Christine Bolton of the US Department of Trade said Ukraine also might have a possible export potential in the tasty red tomatoes grown throughout its ter-

"Ours have to be very uniform and sometimes they don't have any taste, but over here you have tremendous potential," she said. Ukraine still has a way to go before it delivers on any such hopes.

Anatoly Chepurny, chairman of a Ukrainian parliamentary agro-industrial commission. said Ukraine might have to import two million metric tons (2.2 million tons) of American corn this year for animal fod-

GATT chief TRIPOLI, Sept 2 : In a