

BRIEFS

Jobless claims in US increase

WASHINGTON, Oct 30: The number of Americans filing new claims for jobless benefits rose by 8,000 in mid-October, the first increase in four weeks, the governments reported Thursday. But the Labour Department said the widely watched four-week moving average fell to its lowest level in more than two years. Many analysts prefer to track the average because it smooths out the erratic weekly changes and is considered a more reliable indicator of the labour situation, reports AP.

US should move for GATT accord

WASHINGTON, Oct 30: No matter who is elected president next week, the United States will need to move quickly to hammer out agreements with its rice allies to free up world trade, spur lagging global growth and help Russia. Economists said rapid action is necessary to help butters sagging consumer and corporate confidence around the world and avoid a threatened global downturn, reports Reuter.

Two-tier system of VAT proposed

BRUSSELS, Oct 30: The European Commission proposed a two-tier system of Value Added Tax (VAT) on gold, differentiating between "financial" and "industrial" gold. The commission said in a statement that it wants financial gold, held by or in central banks, to be free of VAT, reports Reuter.

Russian external spending to rise

TOKYO, Oct 30: The International Monetary Fund (IMF) estimated Thursday that Russia's external financing requirement would reach at least 22 billion dollar next year, but warned that the figure might be much higher. Richard Erb, Deputy Managing Director at the IMF, told a conference on aid to 12 former Soviet republics that the estimated assumed that "monetary and fiscal policies are significantly tightened before the end of this year, reports AFP.

IDB seminar in Iran next month

NAMANA, Oct 30: The Islamic Development Bank (IDB) said it would organise a seminar in Iran in November to help boost trade between Islamic states. Trade ministers from the 45-member IDB as well as speakers from Islamic states and international institutions have been invited to attend the gathering, the bank said, reports Reuter.

Parliament approves treaty on EES

STRASBOURG (France), Oct 30: The European Parliament Wednesday overwhelmingly approved a treaty creating the European Economic Space (EES), a planned trade grouping of EC and European Free Trade Area (EFTA) countries. The parliamentary vote marks the first stage in the European Community's ratification of the accord, signed on May 19 in the Portuguese city of Porto, by the 12 EC member states and the seven EFTA countries, reports AFP.

General Motors faces loss in 3rd quarter

DETROIT, Oct 30: General Motors Corp reported a third-quarter loss of 752.9 million dollar Thursday, nearly 100 million dollars less than it had warned shareholders it might lose. The leading automaker, whose chief resigned earlier this week amid a sea of red ink, lost 1.06 billion dollar in the third quarter last year. Earlier this month, it had estimated its losses for third quarter 1992 would total 845 million dollars, reports AP.

Russia wants to end currency crisis

MOSCOW, Oct 30: Russia wants shops to stop discriminating against its battered currency and accept rouble in exchange for goods, a senior central banker said on Thursday. "The central bank is now preparing documents making it obligatory for all shops to trade for rouble as well as for hard currency," the liberal Izvestia newspaper quoted central bank Deputy Governor Dmitri Tulin as saying, reports Reuter.

EC, ASEAN for stronger economic links

MANILA, Oct 30: The European Community (EC) and the Association of South East Asian Nations (ASEAN) called for stronger economic cooperation here Friday despite political irritants topped by the east Timor problem, reports AFP.

"Although we are on opposite sides of the world, our common interests are striking," British Minister of State Alastair Goodlad, whose government holds the EC presidency, told an annual ASEAN-EC foreign ministers' meeting.

The two groups, which have roughly equal populations and fast-growing two-way trade, stressed the need for closer economic ties amid an impasse in global trade talks and the emergence of a North American trading bloc.

The ASEAN members are Brunei Indonesia, Malaysia, the Philippines, Singapore and Thailand, which collectively

have posted the world's highest economic growth rates in recent years thanks to booming export sectors.

Goodlad said the ASEAN and EC must "now make common cause in the promotion of trade and investment" both on the official and private level, and reiterated an EC offer to provide technical assistance help ASEAN achieve its plan to create its own free-trade area.

Two-way trade between ASEAN and EC now exceeds 50 billion dollar a year, with the former enjoying a surplus, and growing faster than with any other trading partner of either group, officials said.

EC commissioner for Asian affairs Abel Matutes said ASEAN fears of a "Fortress Europe" emerging next year were "unfounded."

He urged ASEAN to further lift trade barriers, warning that its growing trade surplus with the EC should be corrected.

"We still face a number of difficulties when operating in the ASEAN markets," he said.

EC officials also called for a solution to the dispute over intellectual property rights which "might obstruct the growth in commercial cooperation."

Philippine Foreign Secretary Roberto Romulo said growing security and economic liberalisation across the world "have enlarged the possibilities for even greater interaction" between the ASEAN and EC.

He proposed the creation of rapid information networks between the private sectors of both groups, and industrial co-operation programme, and ASEAN access to the European investment bank's facilities.

While highlighting the need for closer economic linkages, the EC officials also harped on political themes, topped by the east Timor problem.

The Portuguese-Indonesian

dispute over east Timor has blocked efforts to forge a new ASEAN-EC general cooperation agreement. Lisbon has accused Jakarta of rampant violations of human rights in east Timor, a former Portuguese colony annexed by Indonesia in 1976.

"We hope that a just, comprehensive and internationally acceptable solution will be found," said Goodlad.

He said the EC believes that stability "depends on the effective operation of accountable political systems."

"That is why we want to see progress and reform in Myanmar. That is why we share a common interest in seeing Vietnam rejoin the international community."

ASEAN is spearheading efforts to gradually persuade Myanmar to democratize. Vietnam earlier this year signed the ASEAN treaty of amity, a first step toward membership in the association.

Portuguese Foreign Minister Jose De Gus de Pinheiro said the EC and ASEAN cannot pretend that "everything is normal, that no genocide took place, no violation of human rights" exists in east Timor, where dozens of protesters were massacred by Indonesian troops in 1991.

But Philippine President Fidel Ramos, in an opening address to the ASEAN an EC ministers, warned that "the balance between individual and community rights is delicate, and each society must find the balance for itself."

Despite the irritants, Matutes said the EC believed that relations had expanded to such an extent that a new co-operation agreement should be reached.

"It is our hope that the circumstances will soon allow us to work jointly towards this end," he said.

India to disinvest \$833m public stock next year

NEW DELHI, Oct 30: India's government will disinvest 25 billion rupee (\$833 million dollar) worth of public sector stock in the next fiscal year, pursuing its cautious privatisation drive, a newspaper reported Thursday, says AFP.

The government of Prime Minister PV Narasimha Rao made the commitment to an International Monetary Fund (IMF) delegation now in New Delhi for talks on a loan India is seeking, the Economic Times said.

Indian officials involved in the negotiations refused comment on the report, saying the talks were still at a preliminary stage. IMF officials could not be reached for comment.

The Times quoted unnamed officials sources as saying the disinvestment proposal was made during discussions on conditions attached to the loan under the IMF's Extended

Fund Facility (EFF).

It said the money to be raised from the sale of public sector stock would go to the cash-starved national renewal fund, set up to revive 'sick' state-owned industries.

The IMF objected to the government's use of money raised through disinvestment to reduce its fiscal deficit, the usually well-informed daily said.

The government, which began its cautious privatisation drive last year, is seeking to raise about 1.16 billion dollar by disposing of its holding in the current fiscal year which ends March 31.

It sold stock worth 6.8 billion rupee (227.3 million dollar) at a public auction here this month marked by poor response and low bids, prompting the finance and industry ministries to review the disinvestment programme.

Malaysia will tighten fiscal policy to stop inflation

KUALA LUMPUR, Oct 30: Malaysia will have to tighten fiscal policy in its 1993 budget to stop inflation from spiralling after a long battle by the central bank to absorb excess liquidity in the booming economy, analysts said, reports Reuter.

Finance Minister Anwar Ibrahim needs to broaden the tax base to raise revenue and cut the public sector deficit when he tables the budget to parliament on Friday, they said.

Sanjoy Chowdhury, Merrill Lynch's chief economist for Asia-Pacific, said further monetary steps alone could not cool inflation or keep the external deficit under control.

"Only by restraining themselves fiscally, can they hope to ease the monetary side of policy, which can provide a better balance in terms of sustainable growth, Chowdhury said.



SMOKING PROHIBITED: Stringent laws are coming into force from Sunday in France against smoking where tobacco and cigarettes are cheap and popular. Public places, thousands of restaurants and open offices will be affected. In a country where one third of the younger generation smoke, it will be difficult to crush this old habit. — Star TV photo

Net profit of giant Saudi petro-chemical co falls

RIYADH, Oct 30: Net profits for the Saudi petrochemicals giant, Saudi Arabia Basic Industries Company (SABIC), fell 23.5 per cent in the first nine months of 1992, a company report said Thursday, according to AFP.

It said profits for the first nine months went down to 1.49 billion riyal (390 million dollar) from 1.95 billion riyal (520 million dollar) for the same period in 1991.

The fall was attributed to this year's decrease of between 10 and 30 per cent in the prices of petrochemical products. Profits had already fallen 23.3 per cent in 1991, amid new competition and high shipping and insurance costs.

The company said profits for the whole of 1992 were projected to reach two billion riyals (540 million dollar)

China, India to open more border areas for trade

BEIJING, Oct 30: China and India have agreed to open more border areas to trade and to take further steps to ease tensions on their heavily guarded border, the Indian Embassy said Friday, reports AP.

An embassy spokesman said no timetable was set for the opening of border areas and the specific spots will be determined at future consultations.

In July, China and India resumed border trade after a 30-year suspension. The border was opened to trade at Burang, a Tibetan county located where China, India and Nepal meet. It is the only border area officially open for trade between India and China.

The agreement to open unspecified areas for trade came during the fifth round of talks on a border dispute that sparked a 21-day war in 1962 and has strained Sino-Indian

relations since.

Both sides issued brief statements on the two-day talks that concluded Thursday, saying progress was made but providing few details of the discussions.

Both sides suggested further "confidence-building measures" to ease tensions along the border, said a statement by the Indian Embassy.

The embassy spokesman refused to elaborate. He spoke on condition of anonymity, in keeping with embassy policy.

Beijing claims India is holding 36,000 square miles (93,600 square kilometres) of territory that belongs to China in what is now India's eastern state of Arunachal Pradesh.

India says China seized 14,500 square miles (37,700 square kilometres) of land in 1962 in the northwest, near the Indian state of Kashmir.

Israel asks for an end to economic boycott, arms buildups in Mid East

PARIS, Oct 30: Israel asked for an end to economic boycotts and arms buildups in the Middle East at the opening Thursday of talks between some 40 countries on economic development in the region, reports AP.

The first of two days of closed-door meetings touched on communications, water resources and tourism, as well as a possible Middle East reconstruction bank.

The meeting comes under the framework of the Middle East peace talks that opened in Madrid a year ago. The bilateral negotiations are currently being held in Washington, adjourned until

Nov 9, after the US presidential election.

Uri Savir, assistant director-general of Israel's Foreign Ministry, hailed the talks as "the first time in the conflict of the middle East that 14 Arab countries and Israel have sat down at the same table."

Savir said he doubted there would be any immediate results from the conference, but noted that for the first time, Arab and Israeli negotiators were talking of "regional" instead of "national" interest.

The Palestinians, in a statement to the group, reaffirmed its call for PLO participation in the peace process and "correction" of its representation to allow Palestinians from East Jerusalem and the diaspora in all working groups.

It also asked for a working group on Jerusalem and human rights.

Israel boycotted the first round of multilateral economic talks in Brussels in May when the Jordan-Palestinian delegation included a member of the Palestinian National Council (PNC), the Palestinian Parliament-in-exile.

The council is closely linked to the Palestine Liberation Organization, which Israel considers a terrorist organization and with which the Jewish state refuses to negotiate.

"This time, the top Palestinian on the Jordan-Palestinian team is businessman Zeln Mayasi, who lives in Europe.

His attendance marks a step forward, since Israel until recently refused to negotiate with Palestinians living outside the occupied West Bank and Gaza Strip. Mayasi is not a PNC member.

Yakov Frankel, head of the Israeli delegation and president of the Bank of Israel, said in a speech to delegates that the Middle East cannot avoid regional economic cooperation of the kind today in Europe, North America and Asia.

The picture was taken by Alexander Rodchenko, a pioneer of 20th-century photography. It was bought by an anonymous German collector who owns many historic photos.

The photo was one of 28 by Rodchenko which realized a total 495,165 pounds 777,400 dollar nearly two and a half times the top estimate.

Rodchenko died in 1956. He was an artist in the constructivist movement who took up photography after becoming a key figure in Soviet cultural life. He specialized in vibrant images expressing confidence in Soviet society, depicting athletes, gymnasts and swimmers from angled viewpoints and often in unconventional lighting.

The record-price photo, "Girl with Leica," was shot in Moscow's Park of Culture and Rest, the model being photographer Evgenia Lemberg. The image is remarkable because the bench she sits on appears to be sloping upward and the whole shot is dappled by light and shadows from a wire mesh fence.

Rodchenko wrote in 1928: "It seems to me that only the camera is able to reflect contemporary life."

His 1935 photo of a boy washing in a bowl went for 77,000 pounds (120,900 dollar) and one of a figure on a fire escape for 49,500 pounds (77,700 dollar), both to anonymous buyers.

Record price for Russian photo

LONDON, Oct 30: A 1934 Russian photograph of a woman with a camera was sold Thursday for 115,500 pounds (181,000 dollar) which Christie's said was an auction record for any photo, reports AP.

EC members okay \$84b budget for '93

STRASBOURG, (France), Oct 30: The European Parliament, as part of an annual tug-of-war over money, voted for a 1993 EC budget far exceeding one agreed to by the 12 European Community states in July, says AP.

The EC assembly added 4.54 billion European Currency Units (5.8 billion dollar) to draft spending of 65.7 billion ecus (84.1 billion dollar) fixed by the EC budget ministers.

The EC's 1992 budget was 63.96 billion ecus (81.87 billion dollar).

The draft 1993 budget now goes back to the member states. Although it lacks a real legislative say in EC affairs, the European Parliament can reject the trade bloc's budget in its entirety, a power it has

used in the past.

Much of the spending increase it added Thursday was 1.56-billion ecu (two billion dollar) in 1993 for the EC's four poorest nations — Greece, Ireland, Portugal and Spain.

The EC governments had dropped this from the budget proposed in May by the EC Executive Commission, citing economic belt-tightening at home.

But the European Parliament effectively endorsed the Commission's proposed budget of 69.27-billion-ecu (88.66-billion dollar) budget.

The Commission has proposed spending 10 billion ecu (12.8 billion dollar) over the next five years to boost the economies of the EC's poor members.

BJP to observe strike Tuesday to protest Rao's economic reforms

NEW DELHI, Oct 30: India's main opposition party said on Thursday that Prime Minister PV Narasimha Rao's economic reforms had brought hardship to the poor and called a nationwide strike to test the government's popularity.

There is no double left that Rao has become a very unpopular man as a result of his policies, Murlidhar Joshi, President of the rightwing Hindu Bharatiya Janata Party (BJP), said.

He said the BJP, the largest opposition party in parliament, would lead a nationwide strike next Tuesday.

"The strike will be total be-

cause the people cannot go on suffering endlessly," Joshi told Reuters.

The BJP rules four of India's 25 states and has pockets of influence in others.

Joshi said the strike would focus on spiralling price rises, what he called Rao's antipathy towards farmers and a serious financial scandal in which the opposition alleges senior government officials were involved. There has been no proof of the charges.

Rao, who came to power at the head of a minority government in June last year, has embarked on a programme of sweeping reforms to unshackle India's moribund socialist

economy.

In the past year, the inflation rate has tumbled from about 15.5 per cent to about nine per cent now, but the prices of basic foodstuffs have been above overall rate.

India nearly defaulted on its 74 billion dollar debt just before Rao's Congress Party government took charge. Reserves are now a healthy 5.5 billion dollar and India's debt is manageable.

But Joshi said many of Rao's reforms were agreed after providing from the International Monetary Fund which provided a 2.2 billion dollar stand-by credit a year ago.

"The government is taking credit for reducing deficit financing from 9.4 per cent to five per cent ... this reduction has been effected only by selling the shares of some of our best public sector undertakings," he said.

"It amounts to digging into our capital for expenditure."

The Congress Party said the strike would hurt the people whose cause it espoused.

"If at a crucial time for our reforms the BJP disrupts the economic agenda, then who gets hurt the poor, obviously," Congress spokesman VN Gadgil said.

Japan's cabinet finalises supplementary budget to raise public investment

TOKYO, Oct 30: Japan's cabinet on Friday finalised a supplementary budget worth 2.07 trillion yen (16.8 billion dollar) to increase public investment and stimulate the flagging economy, reports Reuter.

The cabinet endorsed the supplementary budget for the current fiscal year which started in April to finance an economic package launched in September.

Of the total, 1.96 trillion yen (15.9 billion dollar) will be spent on additional public investment 88.5 trillion yen (719 billion dollar) will go to small and medium sized corporations to encourage capital

spending and 20.7 billion yen (168 million dollar) is to increase imports, the Finance Ministry said.

Japan plans to issue additional government bonds worth 2.26 trillion yen (18.3 billion dollar) to help fund an economic stimulus package, it said.

The budget will be sent to parliament later on Friday for discussion and is expected to be approved at the end of November.

Finance Minister Tsutomu Hata told a news conference on Friday that full parliamentary approval of the supplementary budget would brighten Japan's economic prospects.

Rich states agree to aid ex-Soviet republics

TOKYO, Oct 30: The world's wealthy countries on Thursday agreed that fresh emergency aid was needed to help former Soviet republics deal with severe food, medical and energy shortages, reports Reuter.

Japan, host of the two-day meeting, pledged 100 million US dollar while the United States promised 260 million US dollar toward food aid and 14 million US dollar in emergency medical supplies.

Delegates attending the Tokyo conference on assistance to New Independent States (NIS) agreed that it was time to shift to a more permanent arrangement for the distribution of long-term aid on an individual country basis.

"The focus of (international coordination) must now move on to implementation," said Jean-Louis Cadieux, representative of the European Community.

"This will be best achieved on a country-by-country basis through consultative groups and co-operation among donors on the spot."

British Overseas Development Minister Baroness Chalker urged all the former republics to agree to world bank-controlled consultative groups for their own country.

"The pattern of world bank-chaired consultative groups provides one tried and tested method," she told the session.

"We believe it would be helpful if, by the end of this conference, all countries had called upon the World Bank to convene groups, drawing in other international organisations and interested donors."

Following the disintegration of the Soviet Union last year, the United States launched an international effort to mobilise massive amounts of aid that were beyond the capabilities of

any one donor country.

US Secretary of State James Baker invited about 40 nations — but none of the former republics — to a meeting in Washington in January. It resulted in the creation of five working groups to look into specific problem areas — food, medicine, energy, shelter and technical assistance.

A second meeting was held in Lisbon in May with the third and final meeting in Tokyo, due to wind up on Friday.

"The Tokyo conference is useful to put an end to a phase and to usher in a second phase," said Mario Sarcinelli, former Italian Trade Minister and currently a Vice-President at the European Bank for Reconstruction and Development (EBRD).

He said, the working group structure and been useful until

now to handle emergency humanitarian aid but was insufficient as donor countries prepared to move ahead with helping the new states develop their resources.

"When we tackle medium and long-term problems, we need a more concrete and efficient approach... like the consultative groups under the World Bank," he told Reuters.

Participants from 70 countries and some 20 international organisations heard reports during the day that painted a dismal picture of the situation in the now defunct Soviet Union.

Although grain production in the entire NIS was expected to rise to 170 million tonnes in 1992, up from 155 million tonnes last year, the level was well below average yields of 196 million, according to a Tokyo government spokesman, who briefed reporters on the

meeting.

Oil production has decreased 30 per cent over the last few years, while migration due to ethnic and religious strife had created severe housing shortages.

Severe shortages of supplies "pose an imminent threat to the general condition of public health," according to a statement issued by the conference Chairman at the end of the first day.

Richard Erb, Deputy Managing Director of the International Monetary Fund (IMF), predicted that the ex-Soviet states would require more financial assistance than initially forecast.

Russia's budget gap stands at \$1.8 b

Another report adds: Russia's huge budget deficit could soon widen further un-

less the country recovers from the deep economic decline and Moscow cuts spending sharply, officials said on Thursday, reports Reuter.

ITAR-Tass news agency quoted Finance Minister Vasily Barchuk as saying that the deficit was 716 billion rouble (1.8 billion dollar) in the first nine months of 1992.

First Deputy Finance Minister Andrei Varilov said the shortfall for the nine months already amounted to 10 per cent of gross national product (GNP), the sum of goods and services produced by the economy.

This could rise to 15 per cent if the economic situation did not improve, Barchuk told local journalists after a government meeting.

Russia has budgeted for a deficit of 950 billion rouble (2.4 billion dollar) for the whole of the year.

Dollar mixed, gold gains in New York

NEW YORK, Oct 30: The US dollar ended mixed in foreign exchange Thursday after trading in a narrow range due to a lack of market-affecting news, reports AP.

Gold prices rose. On the New York Commodity Exchange, gold bullion for current delivery settled at 339.50 dollar a troy ounce, up 10 cent from Wednesday. Republic National Bank quoted a late bid for gold of 340 dollar an ounce, up 1.15 dollar.

Currency traders said the market ignored a government report that the number of Americans filing new claims for jobless benefits rose by 8,000 in mid-October, the first increase in four weeks.

The German mark, meanwhile, benefitted from a lack of any interest rate move by that nation's central bank.