

BRIEFS

India eases bar on car imports
 NEW DELHI, Oct 31: India on Friday eased stiff restrictions on the import of foreign cars by cutting duty on limousines and luxury buses for its tourism industry five-fold, officials here said. New Delhi in an official notification slashed duty on cars and air-conditioned buses imported by government-recognised hotels and travel agencies from a prohibitive 230 per cent to 50 per cent, the officials said. The huge concession was in incentive for the tourism industry, India's single largest foreign exchange earner, and will help accommodate cash-flush tourists, reports AFP.

Tories hail Major's Maastricht bill
 LONDON, Oct 31: Conservative loyalists Friday hailed John Major's Maastricht Treaty bill as a grand step to unite the party, but the Labour Opposition derided it as a ploy by the premier to "save his bacon." The long-awaited bill was released five days ahead of a House of Commons debate that has been shaping up as a confidence vote on Major's beleaguered and crisis-plagued government. The text of the bill, which would clear the way for continued work on the treaty on European Unity if passed in commons next Wednesday, does not mention the word "Maastricht," calling itself instead the "European Communities bill", reports AFP.

Federal regulators seize Texan bank
 WASHINGTON, Oct 31: Federal regulators have seized control of First City Bancorporation of Texas in what they say is the eighth largest bank failure in US history. The takeover of the large chain of Texas banks was announced Friday at a hastily called news conference in Washington by the Federal Deposit Insurance Corp and the Office of the Comptroller of the Currency. Federal regulators denied any political influence in the timing of the closure, which came just four days before the presidential election, reports AP.

Sharjah court jails three Indians
 ABU DHABI, Oct 31: A court in the Gulf Emirate of Sharjah has jailed three Indian Hindus for a month for drinking alcohol at a noisy party to celebrate a religious festival, Al-Khaleej daily reported on Thursday, police raided an Indian's house on Wednesday after receiving complaints from neighbours. Alcohol is banned in Sharjah and other parts of the United Arab Emirates (UAE) but non-Muslims have access to liquor at hotels, reports AFP.

US politicians spend \$75m more
 WASHINGTON, Oct 31: Candidates for US Senate and House seats have spent 75 million dollar more on their campaigns this election year than in 1990, a jump of 25 per cent, according to a report released on Friday. The federal election commission said the increase in congressional campaign spending may be due to redrawing of district line for members of the House of Representatives, which has made races in many states more competitive, reports Reuter.

Pak rupee falls to new low
 KARACHI, Oct 31: The Pakistani rupee fell to a new low against the US dollar on Saturday. The State Bank of Pakistan quoted the currency at 25,250 per dollar buying and 25,3763 selling, both in spot trading. The rupee, pegged to a basket of currencies, has shed 17 paise in four successive downward realignments in October. Pakistan is allowing the rupee to depreciate in an attempt to boost exports and to ease its balance of payments deficit, reports AFP.

US election anxiety touches stock market
 NEW YORK, Oct 31: Investors circled their wagons on Friday in preparation for Tuesday's US election pulling stock and bond prices lower in trading marked by anxiety over the outcome of the vote. While some market experts said Wall Street has already factored in a win by Democrat Bill Clinton, polls showing President George Bush in near dead heat added to uneasiness, reports Reuter.

EC, ASEAN to raise trade, investment

MANILA, Oct 31: Europe, and South East Asia agreed to expand trade and investment between them, shunting aside the thorny East Timor human rights issue during talks in Manila, reports Reuter.

The two trade blocs agreed they would allow the entry of more investment and exporters after lobbying for wider access to each other's markets, but short of reaching specific accords on reducing trade tariffs.

Both sides have increased trade by an average 11 per cent yearly since 1986, but complained of trade barriers and cumbersome, discriminatory customs procedures. "Each side would continue to improve access to its market to maintain these high rates of growth in two-way trade," a joint communique of the Association of South East Asian Nations and the European Community said at the end of the meeting.

The 12-member EC and the six-nation ASEAN which trade an annual 50 billion dollar worth of merchandise and services between them, agreed to broaden economic and political cooperation.

Relations between them have been covered since 1980 by an economic and political cooperation accord but both sides agreed to set aside its renewal because of Portuguese objections to Indonesia's human rights record in the East Timor.

Instead they agreed to expand the present accord to al-

low greater cooperation in trade, investment and environmental protection.

Foreign and trade ministers of both the EC and the ASEAN countries of Singapore, Thailand, Malaysia, Indonesia, The Philippines and Brunei also agreed that industrial and investment cooperation must be given priority.

The communique said the EC had not kept pace with an investment boom in ASEAN from 1986 and the EC saw the

need to promote further European direct investment in the region.

The EC countries are among the biggest overseas investors in ASEAN countries and the community is now ASEAN's second biggest market for manufactured goods. The EC offered expertise for ASEAN's plan to form its own free trade area.

The ministers also agreed to enhance cooperation by liberalising world trading system

and bringing about better market access for processed products as well as better prices for primary commodities.

Both sides said they were satisfied with the talks despite not having renewed their 1980 pact.

ASEAN may grow by 6.2 pc

Xinhua from Kuala Lumpur adds: Average Gross Domestic Product in members of the Association of the South East

Asian Nations (ASEAN) is expected to grow by 6.2 per cent in 1993 from 5.9 per cent this year.

The 1992/93 economic report issued by Malaysia's treasury here today said the forecast is based on anticipation of a modest recovery in the world economy by the end of 1992 and in 1993.

The exports of ASEAN, which groups Brunei, Indonesia, Malaysia, The Philippines, Singapore and Thailand, are projected to rise from 14.9 per cent in 1992 to 15.7 per cent in 1993. Intra-ASEAN trade would be enhanced by the implementation of the ASEAN free trade area effective from January 1, 1993.

The average rate of inflation in the ASEAN economies is projected to decline slightly in 1993 from 7.4 per cent estimated in 1992 against 9.4 per cent in 1991, as governments have started to implement a cautious fiscal and monetary policy and to induce stability in interest rates to ensure high savings and investment in their countries.

Elsewhere in the world, the report said, the stagnating economy is expected to stage a weak and uneven recovery in 1993 and output is forecast to increase by three per cent due to improvements in virtually all regions.

The moderate economic activity should also result in a growth of world trade from 4.5 per cent in 1992 to 6.7 per cent next year, the report added.



IRAQ: An Iraqi Kurdish family, refugees from the Kurdistan region, pose in front of their home on Thursday in Mossul, 400 km (240 miles) north of Baghdad. — AFP/UNB photo

Nepal announces 3-year plan for speedy economic uplift

KATHMANDU, Oct 31: The Nepal Finance Ministry announced a new three-year programme yesterday to perpetuate and consolidate structural and policy reforms and achieve a comprehensive economic balance, reports AFP.

In a communique it said the plan was aimed at increasing the economic growth rate to approximately five per cent from the current 3.1 per cent, reducing the monetary inflation rate to five per cent from 15 per cent and promoting private sector participation through an open and market oriented economy.

It was also aimed at reducing poverty and improving living standards by increasing employment and income generating opportunities.

Time-bound programmes with definite objectives will be included in the first year... and the programmes of the forthcoming years will be determined on the basis of the implementation standards of the first year programmes.

The government would keep spending within limits

sustainable by the national economy so as to "mobilise internal resources and to create an open and competitive atmosphere through reforms in any policies that hinder development of the private sector."

The present changes taking place in the world has proved that speedy economic development is not possible if the private sector becomes inactive and dependent upon the government," it added.

The monetary flow rate will be fixed at 13.5 per cent and the current account deficit will not be allowed to exceed 10.5 per cent of gross domestic product.

Foreign currency deposits will be maintained to sustain the import of goods and services for six months within the first year of the economic policy action programme.

The provision of statutory liquidity requirement of the commercial banks will be gradually decreased with the objective of removing it within the three-year programme," it said.

The government and gov-

ernment-owned corporations will be allowed to draw limited loans from financial institutions to check the shortage of resources for the private sector and foreign exchange will be provided at officials rates for import of certain goods only.

Efforts will be made to reduce the budget deficit to zero within the next three years and to maintain gross production at 0.75 per cent," the communique said.

Necessary arrangements have already been made to increase the spending capacity of the government through improvements in fiscal regulations and the budget allocation procedures have also been simplified," it added.

The government will use the Enhanced Structural Adjustment Facility (ESAF) of the International Monetary Fund (IMF) to help implement the economic reforms programmes," it said. "Under this facility, the Nepalese government is to receive concessional loan assistance to the tune of 50 million US dollar."

ADB launches second issues of 'dragon bonds'

MANILA, Oct 31: The Asian Development Bank (ADB) has launched a 300 million US dollar public bond issue in Asia, the second time of the bank's dollar bond issue in the region, reports Xinhua.

The bonds, dubbed "dragon bonds" by the financial community, are priced at 99.46 per cent, bear a coupon rate of 6.125 per cent per annum, payable annually, and have a five-year maturity.

The bonds are launched through a syndicate of underwriters led by Lehman Brothers Asia Ltd, Wardley Limited and SG Warburg Securities (Singapore) Pvt. Ltd.

The bonds are to be listed in the stock exchanges of Hong Kong, Singapore and Taipei.

ADB officials said the issue was enthusiastically received by regional institutional and private investors because of the bank's strong credit quality and its strong commitment to the market.

The proceeds of the issue will be included in the ordinary capital resources of ADB and used in its ordinary operations.

Pindi optimistic about joint-ventures with Central Asia

KARACHI, Oct 31: Pakistan is optimistic about prospects for joint ventures and more trade with Central Asia despite difficulties in transport through war-ravaged Afghanistan, a senior trade official said, reports Reuter.

"We have great opportunities for joint ventures in textiles, leather, banking and power," said Mian Habibullah, who returned this week after leading the country's biggest trade delegation to some of the former Soviet republics.

Officials have identified cotton as a sector ripe for cooperation. Pakistan is an experienced manufacturer of textile machinery that would complement Central Asian production of raw cotton, especially in Uzbekistan.

Pakistan is planning joint ventures in textiles, cement and sugar Habibullah, President of the Federation of Pakistan Chambers of Commerce and Industry, said in an interview.

He described the 10-day visit to Moscow, Tashkent,

Samarkand, Bokhara and Ashkhabad as exploratory.

Pakistan faces competition in trade in these markets from Iran as well as South Korea, Taiwan and Japan, officials say.

Pakistan-manufactured items such as cooking oil, soap, textiles, medicines, water coolers, shoes and plastic goods are already reaching Central Asian markets, Habibullah said.

Pakistani exports to the former Soviet Union were valued at 1.51 billion rupee (60 million dollar) in 1991/92 compared with imports of 3.55 billion rupee (140 million dollar).

In July and August, after separate figures began to be compiled, Pakistan exported 1.7 million rupee (68,000 dollar) worth of goods to Uzbekistan and 1.8 million worth to Tajikistan.

Communications and trade through troubled Afghanistan, which divides Pakistan from the former Soviet states, were the main hurdle to closer cooperation, Habibullah said.

US, EC may resume farm subsidy talks today

BRUSSELS, Oct 31: US and European Community officials will probably resume talks on Sunday to settle their quarrel over EC farm subsidies, with a 50-50 chance of success, an informed community source said here Friday, reports AFP.

Non-EC diplomats welcomed the news, but remained sceptical about the chances for an accord which would unblock last-ditch efforts to sign a GATT world trade agreement by the end of the year.

The community sources said it was "99.9 per cent sure" that a meeting between US Agriculture Secretary Edward Madigan and EC Agriculture Commissioner Ray Macsharry would take place in Chicago, Illinois, on Sunday.

The EC's executive European Commission would not confirm the meeting, although a spokesman said: "we do not exclude that there could be a meeting in coming days".

The farm subsidies quarrel is blocking a broader world trade agreement under the General Agreement on Tariffs and Trade (GATT) involving

108 countries which started in 1986 and has been stalled for two years.

Diplomats say that the GATT talks could collapse if a deal cannot be signed by December 31, and that this deadline will be missed if the EC and the US cannot settle their argument before the US presidential election on Tuesday.

The two sides have been conducting intensive trans-Atlantic negotiations by telephone to narrow differences over subsidised agricultural exports from the EC and the production of subsidised EC oilseeds.

A non-EC diplomat added: "there is not enough substance to justify a meeting, and no grounds for believing that there will be an agreement if there is a meeting."

But a spokesman for the Cairns groups of agricultural exporting countries led by Australia said: "there was intense pressure on the EC to give ground on the subsidies issue so that a GATT agreement could be signed."

Malaysian plan to cut spending, company tax to attract investors

KUALA LUMPUR, Oct 31: Malaysia will reduce spending next year and cut company taxes to ease price increases and bolster the country's appeal as an investment centre, Finance Minister Anwar Ibrahim said Friday, reports AFP.

Presenting big budget proposals to parliament, Anwar said the government would spend 44.1 billion Malaysian dollar (17.6 billion US) in 1993, 8.1 per cent less than planned for this year.

Private industry will benefit from a one per cent reduction in company tax from 35 per cent to 34 per cent and abolition of a two per cent development tax.

Anwar cut the lowest rate of personal income taxes from four to two per cent and the highest rate from 35 to 34 per cent. He also abolished import taxes on 600 items ranging from foodstuffs to electronic goods.

"We cannot afford to continuously increase annual expenditures, Anwar said, adding that such hikes would hurt the economy despite five consecutive years of high growth exceeding eight per cent.

A Ministry of Finance report released in conjunction with the budget said Malaysia's

economy would grow 8.5 per cent this year and eight per cent in 1993, bolstered by private investments totalling some 35.8 billion Malaysian dollar (14.3 billion US).

The Kuala Lumpur Stock Exchange reacted strongly to the bullish forecast and tax cuts, with the market's composite index finishing at an all-time high of 641.31 in heavy trading, dealers said.

A total of 237.2 million shares valued at 604.8 million Malaysian dollar (242 million US) changed hands.

"Efforts to strengthen the economy and sustain growth should commence when the economy is strong. The experiences of developing countries have shown that excessive public spending could result in a large debt burden, Anwar said.

He said Malaysia's national debt would drop to 40 billion Malaysian dollar (16 billion US) after repayments this year, taking it for the first time below the country's international reserves, told, currently standing at 43 billion Malaysian dollar (17.2 billion US).

Tax consultant Pay Chong Chim said the government was taking a strong position on inflation. "The fiscal measures to combat inflation are very real," he said.

India adopting action plan to ensure export target

NEW DELHI, Oct 31: Junior Commerce Minister PJ Kurien told a parliamentary panel that an action plan has been drafted to ensure that export earnings did not fall short of the target, a 12.8 per cent growth over export revenue in the last financial year, reports AFP.

Kurien told MPs his ministry would soon begin an intensive review of India's export performance, but gave no details of the action plan.

Exports earned 6.99 billion dollar in April-August, a 4.6 per cent growth over the same period last year, the minister said. He reported a sharp jump of 15.9 per cent in the August export figure.

However, imports jumped 22.2 per cent to 9.29 billion dollar over the same period, leaving a trade deficit of 2.3 billion-dollar.

Kurien said sales of engineering goods, textiles, handicrafts, carpets, electronics,

chemicals, sports goods, and leather were looking up, contributing to the export growth.

But sectors such as plantations, agriculture, ores minerals, gems, jewellery and raw cotton were down, Kurien said.

He attributed their decline to a fall in sales to republics of the former Soviet Union and a recession in such major markets as the United States, Europe and Japan.

Analysts have predicted that earnings would be a billion dollar short of the target, doubting whether exports would grow at the impressive level achieved in August for it to be reached.

A fall in earnings would strain India's balance of payments and affect its external debt servicing.

Kurien however said the government was confident of sustaining the momentum. Constraints that hampered exports have been identified and

remedies worked out in the action plan, he said.

India's government attempted Friday to allay worries about slow export growth, saying it was confident the fiscal year's target of earning 20.1 billion dollar in overseas sales would be achieved.

Large business houses whose export turnover was "dismally low" were also expected to do better, the Minister said.

India reduced state controls on foreign trade in a reform programme launched last year in the face of a serious economic crisis, and made the rupee partially convertible after devaluing it by 20 per cent.

Almost 99 per cent of trade was freed from a web of red tape known as the License Raj as the government laid increasing emphasis on exports to ease foreign exchange strains and finance essential imports.

Wrong currency, wrong country

MOSCOW, Oct 31: Three would-be currency speculators from Vietnam were arrested when they tried to enter Latvia with their pockets bulging suspiciously, ITAR-Tass news agency reported, according to Reuter.

Customs officers from the Baltic state found 5,000 smuggled banknotes, adding up to five million roubles. This equals about 12,500 dollar, or more than 80 years worth of average Russian wages. It took an hour and a half to count.

Even if the money had not been impounded, any hopes of a quick profit had been hopelessly misguided, Tass said. Latvia introduced an alternative currency to the rouble in July and the rouble's value has since halved.

"Why the Vietnamese wanted to smuggle Russian rouble into Latvia... is unknown," the report said.

Former communist states may pose serious economic threat to the West

GLENEAGLES (Scotland), Oct 31: Former communist countries could prove a major economic threat to western Europe as manufacturing industries demand better educated workers with higher skills, a top World Bank official said, according to Reuter.

"The number of industries and products where labour costs are a large part of the cost of production is declining," Sir William Ryrice told a forum of Scottish business leaders on Friday.

"The introduction of automated methods has been reducing the labour component in production, so making it less advantageous to locate plants in low-labour-cost coun-

tries."

Ryrice, Executive Vice-President of the International Finance Corporation, a World Bank affiliate, said in many industries the type of labour required was changing.

"Brain power becomes more important and more educated work forces with higher skills are needed. This is a trend which may greatly help the former communist countries, which have highly educated populations and, at least for the time being, rather low labour costs."

"The remarkable fact is that the 15 countries of the former Soviet Union produce a third of all the world's doctorates in science and engineering.

"If this resource can be properly used it could give that part of the world a formidable advantage," Ryrice said.

He said countries like India also had resources that could be utilised. "India has a lot of unemployed educated people willing to work for rather low pay," Ryrice said.

"India has become quite an important off-shore producer of computer software for a variety of multi-national corporations, taking advantage of the availability of well trained, but still fairly cheap specialists."

A Japanese businessman told the forum, which was considering the problems of global competition, that much of Japan's business success lay

in the fact that both employees and owners regarded their firm as a family and put its survival first.

Iwao Nishitani, Managing Director in Europe of the giant Sumitomo Corporation, said good suggestions from workers were rewarded, and implemented. One large electronic company received no less than 300,000 suggestions.

Pay and fringe benefits for senior executives are comparatively modest in Japan, Nishitani said. A survey of chief executives in the top 30 firms showed that in the United States, the total remuneration package was around three million US dollar one million dollar in Britain but only 500,000

dollar in Japan.

When a company's profitability declined, managerial and executive salaries were reduced. About 20 per cent of companies had cut executive pay this year.

Another feature was the amount of profit retained for research and development. In 1990, Japanese companies paid 27 per cent of after-tax profits in dividends, compared to 52 per cent in Germany and 56 in America.

Japanese employees worked more hours than those in other industrial countries but few days were lost by disputes. In 1990 Japan lost 150,000 days, compared with 1.9 million in Britain and 5.9 million in the United States.

US bank will provide loan for revival of Russian oil industry

KAZAN, Russia, Oct 31: The US export-import Bank is seeking to revive Russian's oil industry by providing credits for new equipment and using increased output as security for the loans, the bank's senior loan officer said on Thursday, reports Reuter.

Speaking at an oil and gas industry congress in the Russian republic of Tatarstan, John Lentz said the programme was about three-quarters complete and high-level Exim Bank team was due in Moscow on November 9 to work out details.

"We view effective assistance to this sector of the

economy as essential. The existing (oil production) operations must be turned around," he said.

Exim Bank, the US government export credit agency, plans to take oil or gas delivery contracts as security for its loans to Russia's cash starved oil production associations or in the case of gas, to the state monopoly Gazprom.

"The amounts could be very substantial. We have an illustrative figure in mind of about two billion dollar. If the oil production association does not deliver on its contract, it is our problem," Lentz said.