

BRIEFS

Japan posts record surplus
 TOKYO, Nov 4: Japan's current account surplus surged 50.5 per cent from a year earlier to a record \$7.60 billion dollar in the April-September period as imports suffered from an economic slowdown, the Finance Ministry said Wednesday. September was the 18th consecutive month of expansion in the current account, a broad measure of trade in goods and services and other international financial flows. For September alone, the surplus climbed by 35 per cent from a year earlier to 12.05 billion dollar, reports AP.

US economic indicators fall
 WASHINGTON, Nov 4: The government's barometer of future economic activity fell in September for the third time in four months, signaling continued weakness during the first year of the new presidential term. Most analysts believe the economy will escape a recession. But they agreed the 0.3 per cent decline in the Commerce Department's Index of Leading Economic Indicators on Tuesday suggested it will remain a major problem. "It's not a harbinger that (the economy) is falling into another recession," said Lynn Reaser, an economist with First Interstate Bancorp in Los Angeles. "But it is... certainly consistent with the belief the economy is not performing up to par and why it was a major factor in the election," reports AP.

Dollar higher in Euro trading
 LONDON, Nov 4: The US dollar rose against most other major currencies Wednesday in early European trading. Gold prices were lower. In Tokyo, the dollar closed at 122.90 yen, up 0.40 yen from Monday's close. Financial markets were closed in Japan Tuesday for a national holiday. Later in London, the dollar was quoted at 122.53 yen, reports AP.

India for lifting up steel production
 NEW DELHI, Nov 4: The Indian government called on business Tuesday to help lift steel production and make India a front-line steel producer by the end of the decade, and said foreign investors could participate. At a conference on the steel industry in Bombay, Minister for Steel Santosh Mohan Dev promised full government support for private ventures in steel, the Press Trust of India (PTI) reported, says AFP.

Cocoa producers' new offer at Geneva
 GENEVA, Nov 4: Cocoa producing nations have made a new price offer, moving closer to that sought by consumer nations in international negotiations, an UNCTAD spokeswoman said on Tuesday. The bid was made late on Monday at a private session of the third international cocoa conference, attended by 45 producing and consuming states seeking a global pact to stabilize prices. A 1986 international cocoa agreement, which relied on a buffer stock held by the International Cocoa Organisation (ICCO), failed to maintain stable prices and collapsed in 1988, reports Reuters.

India to export more products
 NEW DELHI, Nov 4: The Indian government has planned to double the exports of horticultural products in the next five years. The scheme, under government consideration, is aimed at tapping the abundant and varied horticultural production base available in the country to provide better income to the farmers and earn precious foreign exchange, official sources said today. The sources said that India's share in the global exports of horticultural production is negligible despite its emergence as the second largest producer of fruits and vegetables in the world, reports Xinhua.

No trace of Maxwell's billions
 LONDON, Nov 4: A world-wide hunt for billions of pounds squandered by the late Robert Maxwell has led investigators on a globe-trotting paper chase but only turned up a fraction of the missing money, reports Reuters.

US, EC trade war would taint Clinton's presidency, says NZ Premier

WELLINGTON, Nov 4: A trade war between the US and the European Community would taint the new presidency of Bill Clinton, New Zealand Prime Minister Jim Bolger said, reports Reuters. Bolger told a news conference after talks between the US and the EC on oilseed subsidies hit an impasse he hoped Clinton would don the mantle of responsibility for world trade talks and raised the prospects of a trade war between the two blocs. "It would be unutterably sad. I find it very difficult to believe Governor Clinton would want it. It would so taint his presidency that I don't think it's going to be in his interests at all," Bolger said. "There would be something symbolically very sad if at the time that a new president takes over in the United States

that the first step was to be a trade war with the largest other trading group in the world," the European Community, he added. New Zealand trade negotiations minister Philip Burdon said in a separate statement he was calling for an immediate meeting of the Cairns Group of farm exporting nations to minimise the damage caused by any trade war. Burdon said he would be calling for ministers from the 14-nation Cairns Group to meet immediately. "We can only hope that cooler heads will prevail before this escalates into a trade war. It is imperative, therefore, that the Cairns group meets as soon as possible to look at steps to minimise this damage, and to ensure we are not caught in the crossfire," Burdon added. During the US election

campaign, Bolger accused Clinton of protectionism. "I would hope that we'll persuade Governor Clinton if he had protectionist tendencies that they are not in his country's interests, much less in the world's best interests," Bolger said. "Some of his speeches tended to have a protectionist tinge about them. I would hope that with the responsibility of office, he would see that's not the way to go," Bolger said. In Chicago, the US threatened sanctions against EC imports after talks hit an impasse over a key farm issue. US Agriculture Secretary Edward Madigan said he will recommend President George Bush that sanctions be imposed because of an unresolved dispute over EC oilseed subsidies.

Madigan and EC farm Commissioner Ray MacSharry hit the impasse after three days of talks seen as key to liberalising rule under GATT and averting a trade war. Reuter adds from Chicago: Agriculture Secretary Edward Madigan said Tuesday night he would recommend trade sanctions against European Community imports after the EC and the United States failed to resolve a dispute over agricultural trade. "Unfortunately, EC offers have failed to provide what is required under international trading rules," Madigan added that the gap had narrowed in the final hours of the talks and that "lines of communication" remained open.

The failure followed three days of intense talks between US and European delegations meeting here. Ray MacSharry, the community's Agriculture Commissioner, said the EC had gone as far as it could to reach an agreement on agriculture here. The US negotiator, Agriculture Secretary Edward Madigan, told a news conference that the United States had "offered various proposals in an effort to resolve the oilseeds issue, but these have not been accepted."

Dollar, stocks rise in Asian markets

TOKYO, Nov 4: The dollar and share prices rose in Asia on Wednesday on news of Bill Clinton's victory in the US presidential election, reports Reuters. At the Tokyo close (0630 GMT), the dollar was at 122.90 yen and 1.5685 mark against 122.45 and 1.5670 in New York. Brokers and investors welcomed the end of the campaign season uncertainty, as Clinton's landslide put the Democrats in the White House for the first time in 12 years. "The outcome has long been expected and people came back buying after the uncertainty was eliminated," said Eddie Chu, Fund Manager at

Sanwa International Finance in Hong Kong. Currency dealers believe Clinton's pro-growth economic policy may eventually force the US federal reserve board to raise interest rates, making American fixed investments more attractive to foreigners, while European rates are seen heading down. Although trade was extremely volatile ahead of hard news of Clinton's victory, the US currency settled in narrow ranges once Clinton's win was confirmed. "The dollar's near-term direction was unclear, but some Tokyo dealers said it was likely to test the downside later on Wednesday, particularly against

the yen. Tokyo stocks ended firmer, with the Nikkei Average above 17,000. Technical futures-linked buying pulled up prices at the close, but sentiment remained stagnant over poor corporate results and a lack of new factors. The 225-share Nikkei Average was up 211.84 points or 1.26 per cent to 17,065.20. It last closed above 17,000 last Wednesday. Brokers said that while a Clinton White House may be a bit more protectionist no big change in US policy toward Japan was seen. "A new US president isn't going to directly affect the Tokyo stock market right

away," said a Japanese brokerage trader. "The best we can hope for is that wall street takes this chance to set a new direction, and that Tokyo can tag along." Sydney shares finished strongly higher. The all ordinaries index closed at the day's high of 1431.9, up 18.3. "A lot of smaller investors entered the market in the afternoon on speculation about a pick-up in the Dow Jones (later tonight)," said Potter Warburg's Mark Fordree. "We have seen the market drifting lower, with a lack of leads domestically and overseas."

Indian gold import surges to 58.5 tonnes

BOMBAY, Nov 4: India's legal gold imports have surged to 58.5 tonnes over the past seven months, but rampant smuggling is also rising following the easing of controls on holding the precious metal, traders said here, reports Reuters. The finance ministry said more than six tonnes of gold had been imported in the first half of October ahead of last weekend's "celebration of Diwali, or the festival of lights marking the Hindu new year." It took total imports to 58.5 tonnes since the beginning of March when Indian expatriates and nationals staying abroad for at least six months were allowed to bring in up to five kg (160 troy ounces) of gold as part of their personal baggage, subject to a tax of 220 rupees (dollar 8.51) per 10 grams (almost one-third of a troy ounce). But legal imports are dwarfed by the amount smuggled in from the Middle East, and across the Nepal and Pakistan borders. Shantlal Sonawasa, director and past president of the Bombay bullion association, said smuggled gold now totalled an estimated 220 tonnes a year.

Indonesia's rice output posts 8.18 pc rise

JAKARTA, Nov 4: The rice output in the form of dry unhusked rice in the first eight months of this year reached 39.7 million tons in Indonesia, an increase of 8.18 per cent against the same period last year, according to the latest data issued by the Central Bureau of Statistics, reports Xinhua. The data showed that about 37 million tons or 93.14 per cent of the national rice output were yielded by irrigated ricefields and the rest came from rain-fed farmland. The data revealed that the rice harvest on Java island, the most populated area among the 6,000 inhabited islands of the archipelago country, contributed 61.97 per cent of the total national rice output in the period from January to August. The remaining 38.03 per cent came from ricefields outside Java such as Sumatra, Sulawesi, Bali, Nusa Tenggara, Kalimantan, Maluku and Irian Jaya yielded. Rice planting areas all over the country in the period of January to August this year reached 8.3 million hectares, expanding by about 8.20 per cent compared with that in the same period last year.

Clinton hopes to launch economic plan by 100 days of taking over

LITTLE ROCK, Ark, Nov 4: President-elect Clinton's economic advisers hope just the fat of his election will help boost the weak US economy. But they also plan to launch major plans of his economic programme in the first 100 days of his administration, reports Reuters. "I think that people are hungry for economic leadership," said the Clinton campaign's economic policy coordinator Gene Sperling. "I think the sense of having a president who's active on the economy again will do a lot to get people confident." Sperling continued, "may be

some companies who have been holding back on investment... will decide it makes good sense... to go forward." Clinton has said the first item on his agenda as president will be to "replace trickle-down economics with investment economics," creating new jobs and boosting the economy through public and private investment. Sperling says Clinton will ask Congress to pass a "rebuild America" programme to invest 20 billion dollar a year in transportation, communication and environmental systems. Clinton will also seek a marginal investment tax credit

for private companies that invest in job-creating plant and equipment, the adviser said. With "rebuild America," Clinton hopes to get state and local governments moving in a few months on a backlog of construction projects now on hold due to a lack of funds. "There's a lot of maintenance that has not taken place on bridges, for example. So there's a great capacity to get things done quickly," Sperling said. Clinton lists his second priority in office as putting "a lid on health care costs and providing basic health care to all Americans."

His advisers say he will seek legislation requiring employers to buy health insurance for employees, and providing government-guaranteed insurance for people not working. Clinton says he will also seek to create a new board, composed of consumers and providers of health care, to establish national limits on health spending. The next tire of Clinton's priorities include passing laws providing tuition aid to all Americans who want to go to college, and giving workers time off for family emergencies.

Sharjah spends \$140m to develop oil field near disputed island

ABU DHABI, Nov 4: The Gulf emirate of Sharjah is spending 140 million dollar to develop an oil field it shares with Iran near the disputed island of Abu Musa, the field's operators said on Tuesday, reports AFP. Crescent Petroleum Company (CPC), controlled by the Sharjah government, said it was spending 140 million dollars to develop Mubarak field, about 10 kilometres (six miles) from Abu Musa. "It is an investment programme devoted to Mubarak field. It began nearly one year ago and will be completed in the fourth quarter of this year," CPC engineering chief, Rahif Katan, told AFP by telephone from Sharjah, one of the seven members of the United Arab Emirates (UAE).



A garment factory in South Korea operates in full swing as the economy of the country surges ahead. —Star TV photo

Shenzhen — where gullible tradition of stock markets continue

HONG KONG: It was one of the strangest riots in many a long year. Call it the South China Sea Bubble. It happened in the brand-new city of Shenzhen, just across the Hong Kong border in China, where the rioters were applicants for shares in companies. Some saw this as a brawl between crazy speculators and criminals, but the TV news-clips showed a remarkably varied but ordinary selection of people, some of whom complained of queue-jumpers. But to come to blows over a "financial instrument?" The mind boggles. The usual elements of rioting were absent. No tensions of race, creed, colour or class. No burning of vehicles and shops, no looting. That such a dull piece of printed paper should be the cause of mayhem and a flurry of police batons and belts is strange. How then to explain it? Actually, with very little difficulty.

It can be traced back to Chinese leader Deng Xiaoping's liberalisation of the Chinese economy which is eight years old. First the farmers were freed (the very last compulsory delivery of foodstuffs to the government was made this year). They seized opportunities with great alacrity. It was in the countryside that incomes first began to soar. The government then turned to industry. This was far harder to liberalise. A rural commune will easily split up into individual family units, whereas a state factory or commercial organisation is very large, very rigid, and everybody in one is afraid of losing their jobs. But, in the coastal areas of China especially, private manufacturing a commercial work (transporting, selling, financing) began to grow. So did new incomes in the cities and towns. The result has been a flood of money, in the hands of mil-

lions of folk, seeking spending opportunities. Alas, it is these that the liberalising cadres of government have not managed to provide. Household gadgets are of poor quality. Cars are few (and kept out by import duties). And as for a good private house, such a thing was forbidden under Mao and is still only a dream, especially to the crammed millions of the urban areas. Thus the savings have mounted; it is estimated that China's people are sitting on the equivalent of two billion dollar squirreled away somewhere. And because the people have been kept in ignorance of private financial affairs for over a generation, they may be excused for taking an over-enthusiastic view of freedom in that sphere. Some Shenzhen applicants, when interviewed on television, said confidently that company shares had nowhere to go but up, and that money "would be doubled" this year.

The applications were in fact a lottery — only a tenth of them would actually get shares and the shares have not yet even been chosen by the authorities. But before one sneers at what the Americans would call the "suckers of Shenzhen," recall that great euphoria has often marked the history of investment for several centuries. Back 300 years ago, European speculators went wild over tulips. They paid fabulous prices for Dutch bulbs and even "flower futures." And 272 years ago in London was the original South Sea Bubble. The "South Sea Company" had made a fortune in trading in the Pacific, and offered to "buy up the national debt." Politicians loved the idea, and so did the public. They fell over one another to invest, and dozens of fraudsters invaded the market, pushing "companies" with even crazier ideas. They all crashed. It then took over 100 years to get a real, honestly-run stock market going.

North America had two gold rushes last century — in California in 1849, and on the Klondike river in Yukon in 1897. All there is left of them is the comic song "My Darling Clementine." Asia has had only a few investment manias. Back in the 1920s, the British experienced a "coffee mania" in Ceylon, going crazy starting plantations up-country. Alas, two generations later a blight wiped out all the coffee and the planters had to turn to tea instead. In more recent times there has been a sugar boom (and bust) in the Philippines, and as for the rubber and tin markets of Malaya, history marks an almost continuous boom-bust cycle which ran right down to recent times in on the wild Penang market. And only this year the Bombay stock market went up like a rocket and sank like the stick within weeks, bringing down bankers, brokers and polls. The worst rise and fall of

Ukraine, Russia conclude accord on debt, trade

KIEV, Nov 4: Ukraine and Russia have concluded an agreement on settling debts, avoiding a breakdown in trade between the two most powerful former Soviet republics, a top government official said on Tuesday, reports Reuters. Deputy Prime Minister Viktor Pyzyrenyuk said the deal involved a credit of 227 billion rouble (580 million dollar at the market rate) to Ukraine to pay for key Russian goods such as oil and gas until the end of the year. Pyzyrenyuk said payments between banks and enterprises had broken down completely in the past week, threatening a complete collapse to both economies.

"If no measures had been taken the Ukrainian economy would have ground to a halt within days and the Russian economy within a few weeks, he told reporters. Top officials had met three times in the past two weeks to settle the dispute, in which Russian enterprises owed huge sums for Ukrainian shipments and Ukrainian banks were heavily indebted to banks in Russia. The dispute had particularly affected shipments of oil and gas. The two largest Ukrainian oil refineries have been operating at drastically reduced capacity and were threatened with imminent shutdown.

CIS to get Indian credit line to import tea

CALCUTTA, Nov 4: India's tea industry, facing reduced earnings with the loss of the Soviet market, will grant the newly formed republics 30 million dollar to help them buy Indian tea, a minister said Tuesday, reports AFP. Minister of State for Industry and Commerce P J Kurien said the money would be in the form of a technical credit, in addition to the 32 million dollar already granted by India to Russia. Kurien made his announcement to the Calcutta Tea Traders Association, a day after the forum expressed grave concern over the future of Indian tea exports. "India is facing a major problem with the collapse of the Soviet Union, and has decided to extend some support to Russia and other Soviet republics until other markets are found," the minister said. Half-yearly exports to the former Soviet republics until September totalled 16 million kilograms (35.2 million

pounds), a steep drop from the 102 million kilograms (224 million pounds) sold to the Soviet Union and its successor republics in 1991-92. Tea is India's biggest export commodity, earning more than 600 million dollar annually, but reports say the country's output is expected to fall by 12 million kilograms (26.6 million pounds) this year. The minister told the association's 10th annual general meeting that the central government planned to set up a tea board office in Moscow to help the growers export to Russia and the other republics. "We must have an intensive plan for sale so that we can retrieve lost ground," the minister said, pointing out that the tea association could also export to Pakistan and Iran. Sales to Ireland, England and Tunisia were picking up, Kurien said, adding that India had already announced counter or barter trade schemes to increase tea exports.

UAE will follow sound banking rules

ABU DHABI, Nov 4: A decision by major industrial states on capital adequacy has prompted the United Arab Emirates (UAE) central bank to get tough with local banks to make them follow sound banking rules, reports AFP. The decision by the Basel Committee of the Bank of International Settlements (BIS) set adequacy at a minimum eight per cent to ensure that banks have enough funds to deal with crises. The decision will take effect in January. "Since the BIS recommendation in 1988, the central bank has stepped up supervision of local banks to ensure they will consolidate their position and avoid problems," a UAE bank manager told AFP. "We welcome such a move because it will motivate banks to boost their performance and avert more bank crises. We have had enough crises here."

According to bankers, the move is expected to boost confidence in UAE banks and prompt international banks to increase dealing with them. "International banks keep dealing with other banks to the minimum level if they feel there is any gap. This happened when many of them, especially in Japan, reduced dealing with Gulf banks during the recent war," a banker said. "Another thing is that it will boost public confidence in banks after it was hit by repeated banking crises in the region. Such crises have prompted many expatriates to transfer their money out. As part of the new policy, the central bank has refused to approve the 1991 balance sheets of four national banks of the groups they were not satisfactory, according to the bankers.

Cuba, Russia agree to revamp trade ties

MEXICO CITY, Nov 4: Moscow and Havana have agreed to revamp trade ties but are retaining one aspect of their Cold War-era relationship — a listening post the Soviets used to eavesdrop on the West, reports AP. Meeting in Moscow on Tuesday, Cuban and Russian negotiators agreed to adapt relations to "new realities," Cuba's official news agency said. The delegations signed agreements on trade and economic cooperation and merchant shipping, the agency

said in a dispatch monitored in Mexico City. Neither Prensa Latina nor the Russian news agency ITAR-Tass elaborated on the nature of the new agreements between the two countries. Relations have been strained since the collapse of the Soviet Union. Tass said the two sides also signed an agreement relating to their "mutual interest in having the Russian radio-electronic center in Cuba," an apparent reference to the sophisticated monitoring equipment the Soviets have maintained on the Caribbean island. Havana and Moscow were staunch allies in the Cold War. But since the collapse of the Soviet Union, Cuba has been left politically isolated and economically strapped. Its economy had depended on cheap oil imported from the Soviet Union in exchange for sugar and on subsidized trade with the now defunct East bloc. Cuba is suffering its worst economic crisis since the 1959 revolution. The nation's leaders have sharply criticized the Russians for failing to live up to aid and trade agreements since the fall of communism in the Soviet Union. Cuba has been scrambling to make economic agreements with various countries, including Iran and some of the other former Soviet republics. Many of those agreements have been at market prices, resulting in drastic reductions in petroleum supplies. Rationing has increased, to the point where sales of gasoline for private use have virtually stopped. Cuba also has been forced to abandon some industrial projects, including a nuclear plant, due to a lack of spare parts from Moscow.