

# Asian economies to show strong growth despite world recession

MANILA, Nov 8: Economic growth in developing Asian nations is expected to rise to 7.1 per cent in 1992 from 5.8 per cent last year as exports thrive despite the stagnant world economy, the Asian Development Bank (ADB) said here Friday, reports AFP.

"Asia remains the star of the world economy and has weathered this global recession or slowdown in truly remarkable shape compared with prior slowdowns in the world economy," ADB Vice President William Thomson said.

The average gross domestic product (GDP) growth rate for all developing countries including eastern European countries and the Commonwealth of Independent States is estimated by the Manila-based ADB at 4.8 per cent in 1992.

per cent next year from around one per cent this year as the United States recovers, doubling growth from 1.3 per cent this year to 2.5 per cent next year.

Asian growth, led by China, was forecast to climb further to 7.6 per cent in 1993 due to increased intra-regional trade, economic reforms favourable to rapid growth and stability, and the expected recovery to the US economy.

"The outlook for western economies is probably less uncertain than it was two years ago when we were headed for the Gulf crisis and a year ago when we were still in a North American recession," Thomson said.

World growth was projected to be slightly higher than two

per cent next year from around one per cent this year as the United States recovers, doubling growth from 1.3 per cent this year to 2.5 per cent next year.

Asia's average growth in 1992, excluding China, would be only 5.5 per cent or well below the average growth it had mustered in the past two decades.

Economic growth in China is expected to double from the 5.2 per cent posted in 1990 to 12.2 per cent in 1992 due to economic reforms.

Greater sophistication in banking, removal of export subsidies, increases in industrial and agricultural output, and liberalisation in the entry of foreign investments helped push up China's economic growth.

China's expansion is projected to soften to 11.8 per cent next year, averaging to eight per cent annually from 1994 to 1997.

## Bush, Major, Delors should meet to end EC-US dispute over subsidies

HATFIELD, England, Nov 8: The European Community's chief trade negotiator says he believes that Europe and the United States can work out their dispute over farm subsidies and avert a full-scale trade war, reports AP.

But the French are continuing to plan for possible retaliation against United States if it imposes its threatened tariffs on some European luxury products.

EC commissioner Frans Andriessen, speaking after a two-day meeting of community trade ministers, said Saturday he had no immediate plans to meet with US negotiators. He said further developments could come Monday after a meeting of EC foreign ministers in Brussels.

Andriessen said he was optimistic an agreement could be reached by Dec 6, the day Washington has threatened to impose 200 per cent tariffs on some European products, mainly white wine.

Germany's economics minister, Juergen Moelleman, who attended the meeting outside London, said British Prime Minister John Major, President Bush and EC Commission president Jacques Delors should meet if trade talks fail.

"I consider a trade war the stupidest thing we could do to each other," German foreign minister Klaus Kinkel said in a television interview.

Talks between the United States and the 12-nation EC broke down Tuesday in

Chicago, and on Thursday the United States fired the first salvo in what could become a trade war.

Washington said it would impose the punitive tariffs within 30 days on 300 million dollar worth of French wines and other imports if the EC refused to slash payments to farmers.

France, Europe's biggest farm producer, has opposed efforts to cut agriculture payments as deeply as demanded by the United States. French

farmers are outspoken and powerful, and the government is worried about the farm vote in legislative elections next March.

EC, US deal still far apart from deal

Reuters says: US and European Community trade ministers say they will get back to the negotiating table to try to avert a disastrous trans-Atlantic trade war, but acrimony lingers and neither side is giving any hint of compromise.



PARIS: Picture shows bottles of French wine which are exported to the US markets. The failure of recent EC-US trade talks has raised the prospect of trade war between the US and the European Community. USA has threatened to impose punitive tariffs on a number of European farm imports, French wine being one of the prime targets. — Star TV photo

## Indian bond scam Parliamentary body blames foreign banks, calls for review of role

NEW DELHI, Nov 8: The chief of a parliamentary panel investigating a huge bank swindle charged foreign banks Friday with setting off the fraud and called for a review of their role in India, the Press Trust of India (PTI) said, reports AFP.

"Sadly enough, foreign banks were the initiators of massive violations of rules and regulations of the host country," PTI quoted ruling Congress (I) Party MP Ram Niwas Mirdha as saying in Bombay.

"We should seriously think whether they should be allowed to operate in the country and if so, at what point and under what circumstances,"

Mirdha said.

The scam which was uncovered in April involved a network of bankers and brokers, who illegally acquired 1.3 billion dollar to play the stock market.

Mirdha did not name any foreign banks and gave no specific instances of how they had initiated the scam.

The Joint Parliamentary Committee (JPC) was in Bombay, India's commercial hub, on a three-day visit to familiarise itself with stock market and banking operations.

Five foreign banks — Citibank of the United States, Bank of America, Standard Chartered of London, ANZ

Grindlays of Australia and American Express — have in the past been accused of violating Indian central bank guidelines.

Investigations by the Reserve Bank of India (RBI) have led to the banks being indicted for issuing fraudulent bankers' receipts for collateral in securities transactions.

Mirdha said executives of foreign banks, which he said accounted for 70 per cent of securities trading in India, had told the JPC that they were only following local market practices when quizzed about banking violations.

"We had thought they would bring in their own market practices and act as catalysts

to upgrade technology to improve our banking system," he said.

Top level management of both Indian and foreign banks tried to escape responsibility to saying they were unaware of the "goings-on down below," but junior employees contended that it was not possible to "conduct such operations without the knowledge of men at the top," Mirdha said.

The MP however discounted a suggestion that the JPC would recommend penal action against foreign banks, saying: "we are just a fact-finding body."

Twenty-three foreign banks now operate in India through 140 branches.

next year, Hong Kong showing the way.

The South East Asian countries, meanwhile, face a decline in growth this year to 5.7 per cent from six per cent last year amid rising inflationary pressures that have resulted in tighter monetary policies and high interest rates.

The weaker performance of exports and a slowdown in direct foreign investments even from the region's biggest investor, Japan, contributed further to this year's lower growth in Indonesia, Laos, Malaysia, the Philippines, Thailand and Vietnam, ADB experts said.

The South Asian countries, bypassed by the economic dynamism elsewhere in the region, will show some recovery this year as their economies grow to 3.9 per cent from 2.1 per cent last year.

## Kuwait exports 1.3m barrels of retrieved oil

KUWAIT CITY, Nov 8: Kuwait on Saturday exported some 1.3 million barrels of crude oil recovered from large surface lakes formed after Iraqi troops sabotaged the Emir's wells, Oil Minister Ali Al-Baghlil said here, reports AFP.

"Kuwait on Saturday exported some 1.3 million barrels of crude to Europe, the most significant quantity ever recovered from the layers" formed on the surface near oil fields destroyed by retreating Iraqi troops seven months after they invaded the country, he told a news conference at the oil terminal of Al-Ahmad.

Withdrawing Iraqi troops in February 1991 torched more than 730 Kuwaiti oil wells. Baghlil said the widespread oil patches were thought to have totalled 20 or 25 million barrels before the retrieval operations began. More than half the amount has been pumped and the rest is to be sponged up in the coming year.

Agents of the bureau of investigation will raid about 100 underground futures companies in coming weeks, newspaper quoted bureau officials as saying at the weekend.

The crackdown will prepare for the creation of a legal futures industry in the middle of next year under Taiwan's drive to become a regional financial centre. All futures trading by Taiwanese residents is now banned.

owners of illegal futures companies may be charged with violating banking laws, tax evasion and gambling, the

newspapers said. They could face seven years in prison or fines of up to Taiwan dollar 900,000 (US dollar 35,500).

The underground houses conduct a form of phantom trade among themselves, placing bets on the movement of futures contracts in major foreign markets such as Chicago analysts estimate trade reaches 300 million US dollar on some days.

Taiwanese authorities also plan to cooperate with regulatory officials in foreign futures markets to halt illegal trade by Taiwanese investors, the united evening news said.

Parliament passed in June a law that will allow Taiwanese residents to begin legal trade in foreign futures contracts next year. Foreign and local brokers will be permitted to set up operations on the island.

## Australia has largest mobile phone network

MELBOURNE, Nov 8: Australia has the world's largest mobile phone network, telecom declared this weekend as its mobile network connections passed the half-million mark, reports AFP.

The service is only five years old, but mobile national manager Arthur Wood said it covers the largest land mass of any similar service, reaching 84 per cent of Australia's 17.3 million people.

Foreign exchange reserves in China up to \$45.1b

BEIJING, Nov 8: China's foreign exchange reserves rose to 45.1 billion dollar in the first half of the year, the equivalent of about eight months' imports, an official newspaper reported Sunday, says AFP.

The reserves rose 2.4 billion dollar from the end of last year, the China Daily said.

State holdings accounted for 25.2 billion dollar of the reserves and hard currency held by firms and individuals 19.9 billion dollar. The figure does not include gold reserves, whose value is a tightly guarded state secret.

"The rise in foreign exchange reserves helps China in its effort to increase imports and service its foreign debt more easily, the English-language newspaper said.

Longer term, there was some encouraging news, with a report from the economic intelligence hunt that Chinese zinc production will fall behind consumption, leaving it by 1995 to import 167,000 tonnes, or 1.7 per cent of 1991's western consumption.

Coffee: Lower. The price of coffee was hit by profit. Taking after climbing in the last few weeks and suffered from the fears that the signing of a new agreement on coffee quotas would be hit by the arrival of a new government in the United States.

Delegates to the International Coffee Organisation, which meets in London from November 23 to December 1, are according finally to sign the accord designed to set quotas on worldwide production and lift prices.

Sugar: Lower. After a strong start, sugar price fell, depressed by a report showing little prospect of growth in the

## Tokyo, Seoul pledge help for Russian economy

KYOTO, Nov 8: The South Korean and Japanese heads of government on Sunday both pledged help for Russia's troubled economy, and expressed hope for unchanged US Far East policies under Bill Clinton's new administration, reports AP.

South Korean President Roh Tae-woo, making an unofficial one-day visit for talks with Prime Minister Kiichi Miyazawa, agreed with his host that the US security role in the Far East is too important to be affected by the change of US administration, officials of the two sides said.

On relations with Russia, both leaders pledged that their governments would cooperate in Moscow's efforts to overcome economic difficulties and adopt a market economy, said the officials of the two sides, briefing reporters separately and on condition of anonymity.

They did not elaborate on assistance to Russia.

Japan provided humanitarian aid but has withheld major economic assistance to Russia pending settlement of a long-standing dispute over northern islands seized by Soviet troops in the closing days of World War II.

The South Korean and Japanese foreign ministers met separately Sunday, and agreed to do their best to resolve a number of thorny bilateral issues, including disclosures this year that Japan's wartime army had forced Korean women to serve as sex slaves for its troops during World War II, the officials said. They did not elaborate.

Sunday's meeting, announced only nine days ago, followed talks—the two leaders had in Seoul in January. Roh last made an official visit to Japan in May 1990.

## Norway to apply soon for EC membership

OSLO, Norway, Nov 8: The ruling Labour Party voted Sunday to seek membership in the European Community, even though a majority of Norwegians say they don't want to join, reports AP.

Prime Minister Gro Harlem Brundtland said the application would be sent as soon as possible.

Brundtland has said Norwegian voters would get the final say on membership in a national referendum, when negotiations are completed in three to five years.

The government was to advise parliament of the decision, although it was not immediately clear when. News reports said an application might be sent in late November.

When Norway applied to join the Community in 1972, Norwegians narrowly rejected membership in a bitter refer-

endum.

The issue still splits the country, and membership would probably be rejected again if a vote were held now.

An opinion poll published Friday said 54 per cent of those asked opposed membership. The survey, published by the newspaper Aftenposten, said 29 per cent were in favour and 17 per cent were undecided.

Despite widespread opposition, which includes members of her own minority government, Brundtland said Norway must apply now so it can join its Nordic neighbours Sweden and Finland in their negotiations.

"She will have to convince the Norwegian people that they have no choice," said Valter Angel, a researcher specializing in European affairs.

## Taiwan plans to stamp out illegal future markets

TAIPEI, Nov 8: Taiwan authorities, stepping up a crackdown on the island's huge underground financial industry, have announced plans to stamp out an illegal futures market with daily turnover exceeding 200 million US dollar, reports Reuter.

Agents of the bureau of investigation will raid about 100 underground futures companies in coming weeks, newspaper quoted bureau officials as saying at the weekend.

The crackdown will prepare for the creation of a legal futures industry in the middle of next year under Taiwan's drive to become a regional financial centre. All futures trading by Taiwanese residents is now banned.

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## Beijing-Riyadh accord on trade, investment

BEIJING, Nov 8: China and Saudi Arabia have signed a series of accords on trade, investment and technology to strengthen bilateral economic ties, the China Daily reported Friday, says AFP.

The accords were signed Thursday during a four-day visit to China by Saudi Arabia's Minister of Finance and National Economy Muhammad Aba al-Khalil, the English-language official daily said.

Bilateral trade increased last year to 520 million dollar, with a surplus in favour of Beijing, China, which exports arms along with light industrial and textile products to

Saudi Arabia, imports mainly oil and fertilizers.

The Saudi minister said he hoped the accords would encourage China to buy more chemical and steel products to redress the trade imbalance, the paper said.

It also said that Saudi Arabia was to negotiate setting up a refinery in China.

In his talks with the Saudi minister, China's Minister for Foreign Trade Li Lanqing appealed to Saudi businessmen to invest in China's new financial markets and in real estate.

The two countries established diplomatic relations in 1990.

# Fears of trade war between US and EC dominate world commodity market

LONDON, Nov 8: Fears of a trade war between the United States and European Community dominated the week, slashing back the gains made on the victory of Bill Clinton in the US presidential election, reports AFP.

Brokers fear that the United States' higher tariffs on EC produce, due to come into force next month, will cut trade levels and worsen the already dire position of some European economies.

For the precious metals, threats of a trade war had little impact and the perceived good news of Clinton's victory in the US election and sign of an economic recovery there had only a limited effect on the market having been anticipated two weeks earlier.

Gold, was depressed by the situation in Russia, which is seen likely to sell off some of its massive gold stocks to buy much needed foreign currencies and basic commodities.

Oil prices fell, meanwhile, dipping on studies showing that OPEC countries were boosting their supplies to maximise revenue.

The return of Kuwaiti production to the level achieved before the Iraqi invasion, tension between Iran and Saudi Arabia, and fear as that the United Nations will lift its embargo on Iraqi sales disturbed the market.

Among foodstuffs, cocoa was boosted by the opening in Geneva of the International Coffee Organisation meeting but coffee prices slipped on fears that the arrival of a new government in Washington would delay the signing of a new accord on coffee production.

On the London metal exchange, metals were depressed by high stocks caused by low demand and over supply.

Gold: Lower. The price of gold fell, affected by fears of

sales from the Commonwealth of Independent States (CIS) and by profit-taking after gold rose ahead of the US presidential election of Tuesday.

The situation in the former Soviet Union continues to unsettle gold dealers, fearing that the countries will opt to sell off massive stocks of gold to meet currency needs and to buy basic commodities.

Silver: Higher. The price of silver rose to its highest level for two and a half months, boosted by similar hopes of a recovery in the US economy following Clinton's victory.

Copper: Lower. The price of copper, measured in sterling, eased off the two-year high, it achieved following sterling's fall on the exchangers since September.

The fall came through some profit taking, dealers said, among with unease caused by uncertainty in the British government's economic manage-

ment and by the threats of a new trade war between the United States and Europe.

Nickel: Lower. Nickel production cuts, meanwhile, are already underway but failed to help the metal, with prices falling below the psychologically important 6,000 dollar per ton barrier to their lowest levels since February 1988.

Fundamentals are seen as weak in most metals, except copper, with none of them helped by the talk of a new trade war, and lead price particularly "vulnerable" because of the small size of the market and the thinness of trading, dealers said.

Zinc: Lower. Zinc too was down reaching its lowest level since November 1991, with the price depressed by the generally gloomy trading conditions as dealers awaited the long-hoped for worldwide economic recovery, trade sources said.

Longer term, there was some encouraging news, with a report from the economic intelligence hunt that Chinese zinc production will fall behind consumption, leaving it by 1995 to import 167,000 tonnes, or 1.7 per cent of 1991's western consumption.

Coffee: Lower. The price of coffee was hit by profit. Taking after climbing in the last few weeks and suffered from the fears that the signing of a new agreement on coffee quotas would be hit by the arrival of a new government in the United States.

Delegates to the International Coffee Organisation, which meets in London from November 23 to December 1, are according finally to sign the accord designed to set quotas on worldwide production and lift prices.

Sugar: Lower. After a strong start, sugar price fell, depressed by a report showing little prospect of growth in the

market before the end of the century.

According to a joint study by the UN Food and Agriculture Organisation and the International Sugar Organisation, a fall-off in consumption in eastern Europe and the former Soviet Union will hit demand until 2000 when it expects a one million ton deficit of supply over production.

Vegetable Oils: Higher. The prices of vegetable oils, quoted in florins, were boosted by the strength of the dollar against European currencies.

Brokers, however, remained cautious following the breakdown in talks between the United States and EC over the General Agreement on Tariffs and Trade.

Oil: Lower. After starting off in freefall, hit by fears of a huge surplus in supply and problems between OPEC members. Oil prices partially climbed back on rumours of an

emergency OPEC meeting.

The price of Brent North Sea crude oil fell below the 19 dollar per barrel level, its lowest rate for six months, depressed by studies showing OPEC countries producing 25 million barrels per day, their highest level for 12 years.

The market then recovered on rumours that Algeria had called for a meeting of OPEC to cutback production to raise prices.

Rubber: Firm. The price of natural rubber was boosted by US industrial buying looking ahead to a recovery following Bill Clinton's victory in the US presidential election.

An unexpected eight per cent climb in new car sales in Britain in October over the month before also helped prices.

Grains: Slightly lower. After climbing to their highest level since May 1991, the prices of wheat and barley fell following

the threats of US trade sanctions against Europe.

Grain prices, quoted in pounds, have been boosted by sterling's weakness since mid-September, with wheat rising 14 per cent since the pound's fall and barley up 17 per cent.

Tea: Lower. Demand was poor at the weekly London sales where average prices slipped to 180 from 200 pence/kilo for high grade, to 132 from 135 pence/kilo for middle grade and were unchanged at 88 pence/kilo at low grade tea.

Cotton: Slightly higher. Cotton's indicator price at the sales in Liverpool was boosted by fears of a fall-off in Chinese production in 1992/93 caused by a plague of the cotton boll weevil/parasite.

The US Embassy in Beijing reduced estimates for the country's cotton harvest to 19.9 million bales from 25.3 million estimated earlier.