

BRIEFS

Delors satisfied with agreement
PARIS, Dec 14: European Commission President Jacques Delors said Sunday he was satisfied with the agreements...

Taiwan, Saudi Arabia discuss joint-venture
TAIPEI, Dec 14: Taiwan and Saudi Arabia will discuss building a joint-venture oil refinery with a capacity of 150,000 barrels per day...

OAS seeks UN help for Haiti-embargo
WASHINGTON, Dec 14: The Organisation of American States voted Sunday to seek United Nations help in enforcing a thus-far ineffective Western Hemisphere oil and arms embargo against Haiti's military-backed government...

Singapore expects more tourists
SINGAPORE, Dec 14: Singapore expects tourism to have grown by seven to nine per cent this year, the senior minister of state for trade and industry said...

Visnews named Reuters Television
LONDON, Dec 14: Reuters has said it was changing the name of Visnews, its television subsidiary, to Reuters Television following its recent purchase of 100 per cent of Visnews shares...

Ramos to unveil plan for economy
MANILA, Dec 14: Philippine President Fidel Ramos will submit to Congress next week a six-year plan intended to ensure that economic growth hits 10 per cent by 1998...

Japan's GNP to grow at 3.4 pc in '93
TOKYO, Dec 14: Japan's gross national production (GNP) for the next fiscal year starting in April will be officially projected to grow at a rate of 3.3 or 3.4 per cent in real terms, a daily said Sunday...

China cuts foreign reserve estimate
BEIJING, Dec 14: China has adopted a new method for calculating foreign exchange reserves, slashing the official tally to 23.2 billion dollars from over 40 billion dollars by calculating foreign exchange reserves...

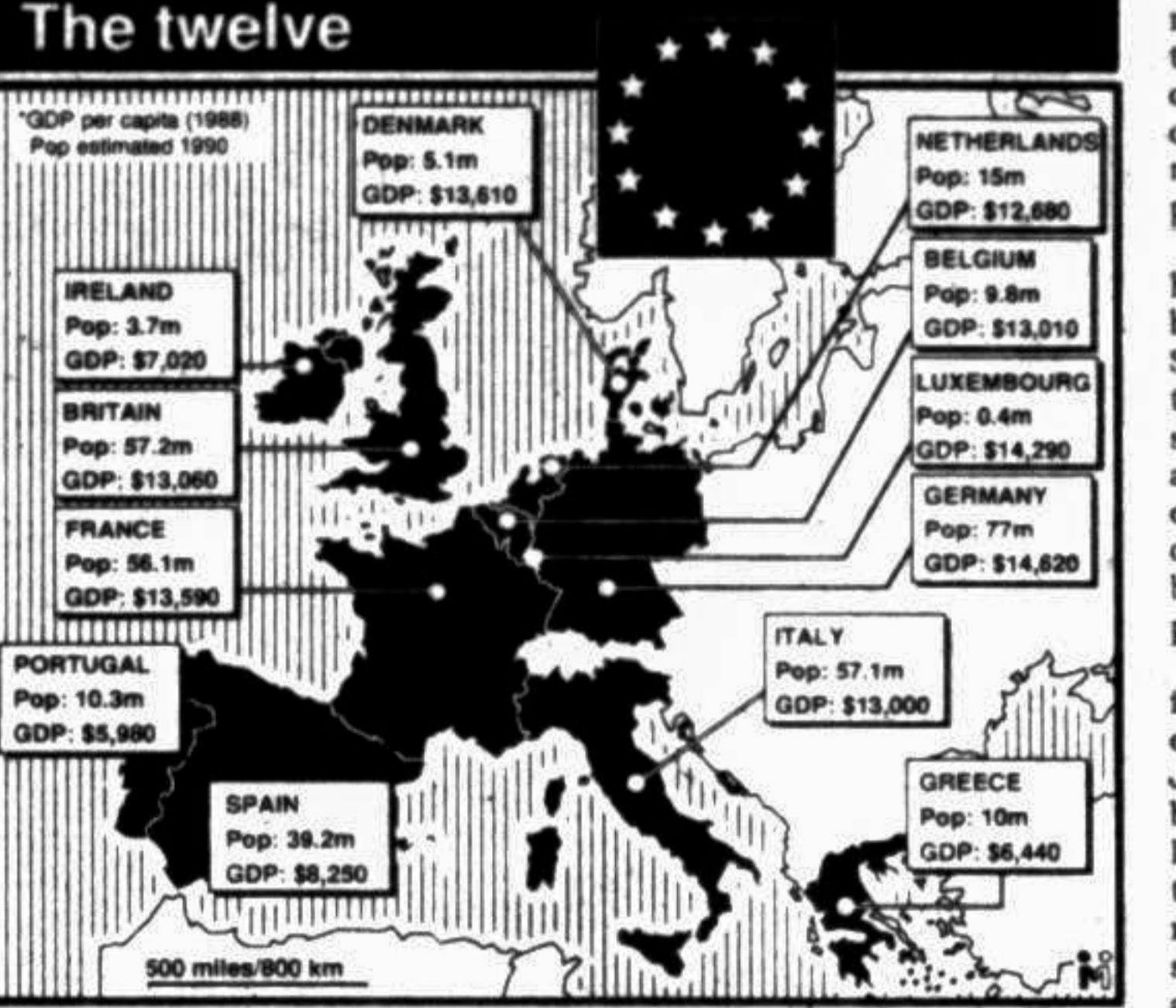
'Europe without frontier' becomes reality on Jan 1

BRUSSELS, Dec 14: In less than three weeks the European Community will reach one of the most important dates in its history - January 1, 1993, the day that is supposed to usher in a 'Europe without frontier'...

consumers to buy insurance across borders, to technical rules designed to remove national barriers to trade in everything from toys to trucks. They have collectively made '1992' a household word throughout the world...

baggage or goods carried between EC states will end. Shoppers will be able to buy as much cheap cigarettes, alcohol, jewellery or perfume as they want without having to declare it when they cross a border. Business will also notice that things have changed. They will no longer have to fill out millions of customs documents on products shipped to other EC countries...

If any governments balk, they could face a legal battle with the commission, which has pledged to uphold the 1986 single European act in which EC states agreed to uphold the 1986 single European act in which EC states agreed to create an 'area without internal frontiers' but December 31, 1992. The executive has already threatened to take Britain to the EC's European court of justice if it cannot negotiate a satisfactory solution to the conflict over passport checks...



China seeks global role for its banks

BEIJING, Dec 14: China plans to open its banking and insurance markets further to foreign competition, while encouraging its own banks to expand aggressively overseas, one of the country's top bankers said, report Reuters. 'Our fast economic growth requires us to build up a closer relationship with our foreign (banking) counterparts,' Chen Yuan, the Vice-Governor of the People's Bank of China, the country's central bank, told the China Daily...

Bank may follow suit. More Chinese banks are seeking footholds in Europe and North America, Chen was quoted as saying by the English-language daily. Chinese banks have set up more than 500 affiliates overseas, Chen said at least two foreign banks were expected to open affiliates in China this month, Thailand's TM International Bank in Shantou and Japan's Sakura Bank in Shanghai. 'Although German banks have not formally submitted their applications, they have been contacting us frequently,' he said, adding that a number of Dutch and Italian banks had made applications. He gave no further details.

By November, banks from 29 countries and regions had set up 225 representative offices in 14 Chinese cities, the China Daily said. Altogether 67 foreign-funded financial institutions had been approved to operate in 13 cities. 'It is unnecessary to work that the arrival of foreign banks will affect the Chinese banks' business,' Chen said. 'Opening our financial markets will have a positive effect on China's financial industry in terms of helping China pool foreign capital and introducing new management techniques to our own banks,' he said. Chen particularly praised Japanese bank in China. 'While most other countries are ignoring China's financial market, the Japanese have quietly gained a strong foothold in the country,' Chen said. Beijing is considering opening some inland cities to foreign banks, including Wohan, he said. Earlier this year China allowed overseas banks to open branches in Dalian, Tianjin, Ningbo, Nanjing and Gungzhou—all along the coast. Previously full branches were confined to the coastal special economic zones and Shanghai. Chen said China was considering allowing foreign banks to engage in renminbi transactions.

Pindi may close 20 missions
ISLAMABAD, Dec 14: Pakistan economy commission has recommended the government to close 20 diplomatic missions abroad to curtail non-development expenditure, says Xinhua. Pakistan currently maintains diplomatic missions in almost 100 countries at the cost of approximately two billion rupees (about 80 million US dollars). The commission, which was appointed last year to suggest cuts in administrative expenditure, handed over a report to the Finance Ministry early this month, saying the country cannot afford to spend such a huge amount on its foreign missions. The report said that with the closure of the missions in 20 countries, 104 to 106 million rupee (41.6 to 42.4 million dollar) could be saved in foreign exchange. The 20 countries are Greece, Lebanon, Mexico, Mozambique, the Democratic People's Republic of Korea, Poland, Romania, Senegal, Tanzania, Yugoslavia, Myanmar, Niger, Portugal, Hungary, Czechoslovakia, Namibia, Tajikistan, Turkmenistan, Yemen and Somalia. Finance ministry sources said here Monday that the commission's recommendations are being processed by the finance division and a final decision will be taken by the cabinet. The report also said the Foreign Ministry and many diplomatic missions abroad are overstuffed.

Asia attracts more than half of direct investment to Third World

BANGKOK, Dec 14: Asia is attracting more than half the foreign direct investment (FDI) heading to developing countries, according to a UN survey released here on Monday, says AFP. 'Asia's share of total FDI inflows for developing countries rose from 25 per cent in the early 1980s to over 50 per cent in the early 1990s, surpassing Latin America which was traditionally the region taking most of the total flows,' says the UN Development Programme (UNDP) paper. But, it said, almost 70 per cent of foreign investment to the developing world went to only 10 countries, six of them in Asia: Hong Kong, Malaysia, Singapore, Thailand and Taiwan. 'The Asian economies in transition receive only a small portion of investment flows,' it said. The UNDP survey was issued to mark the opening of two days of talks here to discuss FDI flows to developing countries. The discussions are organised by the foreign investment advisory service, a joint service of the World Bank group, with the support of UNDP. Special focus during the discussions is to be put on Indonesia, Vietnam, Cambodia and Laos are among the countries represented at the forum.

Saudi bank reacts bitterly to lawsuit

MANAMA, Dec 14: Saudi Arabia's largest bank, National Commercial Bank, is reacting bitterly to a lawsuit by accounting firm Touche Ross accusing the bank of fraud and racketeering over the failed Bank of Credit and Commerce International, reports AP. The NCB, in a statement faxed to the Associated Press on Sunday, says it will counter-sue over the 'cheap allegations.' In Washington on Wednesday, Touche Ross filed a lawsuit on behalf of creditors of BCCI seeking 10.5 billion dollars from NCB and its former chief operating officer, Khaled bin Mahfouz. NCB, however, distinguishes between the private holdings of Mahfouz, whose family owns most of NCB, and the BCCI, of which Mahfouz was a director. Mahfouz resigned from NCB this summer after he and an associate, Haroon Rashid Kahloun, were indicted by a federal grand jury in New York State on the same charges filed by Touche Ross, the court appointed liquidators of BCCI. In the latest statement, NCB reiterated that 'NCB was never a shareholder of the BCCI and has enough documents to categorically refute these allegations.' A counter suit would be filed against Touche Ross for 'defamation.'

Australia to face acute unemployment problem

CANBERRA, Dec 14: Australia will probably face a tough situation of high unemployment for the next 20 years as a study showed the jobless rate is expected to be up to 13 per cent well into the 21st century, according to Xinhua. The bleak projections were made by the National Institute of Economic and Industry Research, in Melbourne in a study covering expected economic activity up to 2015. Under the projections, the jobless rate will remain above ten per cent until the middle of the 1990s, dip until 2000, and then return to double digits, local press on Monday quoted the study as showing. Australia has registered an 11.4 per cent jobless rate in November, the highest in 60 years.



Japanese farmers wrecking a US-made car to protest US pressure to open Japan's rice market to foreign rice. Tokyo is facing increasing pressure to lift its ban on import of foreign rice after the recent US-EC deal to cut farm subsidies. Japanese farmers fear that competition from cheaper US rice will drive them out of their own market. They also burnt an effigy of Director General of GATT Arthur Dunkel to show their indignation at the US-EC accord. — Star TV photo

Optimism returns to US consumers

WASHINGTON, Dec 14: A year ago, US consumers were deeply depressed about the future and most indicators of the country's economic vigour were heading downwards, reports Reuters. Last week economists were scrambling to revise upwards their estimates for economic growth in the final quarter of 1992 amid signs of growing consumer optimism and more spending. The national unemployment rate fell for the fifth month in succession in November and retail sales increased for the fifth month, a symmetry that nearly highlights the link between job prospects and spending power. 'From mid-1989 to mid-1992 we had steady job losses that just cut into people's willingness to spend because they were losing the capacity to do so,' said David Jones, an economist with Aubrey G Lanston and Co. in New York. In the world's biggest consumer society, spending by Americans fuels two-thirds of national economic activity. On Friday, the University of Michigan said its consumer confidence index rose to 91.4 per cent in mid-December from 85.3 per cent in November. 'We're revising our fourth-quarter gross domestic product forecast upward from 1.5 per cent to three per cent, based on surprisingly strong consumer spending,' Economist Ed Yardeni of C J Lawrence Securities in New York said. He added that growing optimism suggests consumer recovery is sustainable. In the last three months of 1991, the economy expanded only by an anemic 0.6 per cent annual rate. Retail sales went up every month from July to November, when they increased a moderate 0.4 per cent after a 1.9 per cent rise in October. Jones said he was pushing up his estimate for the increase in total Goods and services output, which GDP measures, to an annual rate of 2.75 per cent from 2.5 per cent during the fourth quarter. 'That's critical level because any growth we get above 2.5 per cent gets us to the level where growth begins to feed on itself and we will start to see jobs created,' Jones said. Economist Allen Sinai of the Boston Co. says presidential election on November 3 was the point at which consumer attitudes began to change. It settled who won and made voters feel better because of president-elect Bill Clinton pledge to focus 'like a lesser beam' on the economy. 'People feel that if things get bad, Washington will step in and that's reassuring consumers,' Sinai said, adding that the steady improvement in economic indicators brought into question whether the incoming Clinton administration would go ahead with a fiscal stimulus package.

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Iran calls for fresh OPEC contacts to shore up prices
DUBAI, Dec 14: Iran called on Sunday for fresh OPEC contacts to shore up sagging world oil prices saying it was prepared to cut its production beyond guidelines agreed by OPEC last month if other members followed suite, reports Reuters. After a week in which world oil prices continued to drop despite a late November OPEC agreement to reduce supplies, Iran said it was clear more cuts were needed. An Iranian Oil Ministry statement issued in Tehran and made available to Reuters called on OPEC President Alirio Parra, Venezuela's Oil Minister to consult members on ways of strengthening the market. The statement said Iran was prepared to reduce further its production level if other members agreed to do so.

Peru, IMF to sign accord to boost economy
LIMA, Dec 14: Peru is to sign an agreement in January with the International Monetary Fund (IMF) on a three-year economic programme aimed at slowing inflation, boosting the economy and easing poverty, Finance and Economic Minister Carlos Bolona said Sunday, reports AFP. 'The broad lines of the programme will be aimed at consolidating the results already achieved in stabilising the economy, widening the field of action of the structural transformation of the Peruvian economy, improving the viability of the balance of payments and alleviating poverty,' Bolona told reporters. Bolona was due to sign in Washington on Monday an agreement with the US government guaranteeing US investment in Peru. He warned Sunday that the watchdog for 1993 economic policy would be austerity, adding that he would not use foreign reserves to cover backlogs in debt payments to the IMF and the World Bank. Peru's reserves currently total some 1.8 billion dollars. Under the letter of intent for the IMF approved by the Peruvian government last week, Lima will reduce inflation to 27 per cent next year, increase foreign currency reserves by more than 350 million dollars.

Most Asia-Pacific units lose ground against US dollar

HONG KONG, Dec 14: Most Asian currencies lost ground to the US dollar last week, with only the Japanese yen, Singapore and Hong Kong dollar, Thai baht and Philippine peso holding out against the trend, reports AFP. Japanese yen: Up 1.25 yen on the week at 123.78 to the US dollar Friday. The week's closing rates ranged between 123.78 yen and 124.87 yen. Dealers said market participants were in a wait-and see mood, looking for new elements to stimulate the market. On Wednesday the yen jumped 1.04 yen following the US unit's setback against the German mark on overseas markets. The day before, a senior trade official said the yen should be allowed to rise from its current rate of around 125 yen to 118 yen to the dollar to help reduce Japan's trade surplus. South Korean won: Down 3.90 won at 790.20 to the US dollar at Saturday's close. The won has devalued by 3.8 per cent against the Greenback since the beginning of the year.

Dealers attributed the slide to a strong demand for Greenbacks to pay for imports, as well as to prospects that exports might drop by 500 million dollars due to a government probe of Hyundai heavy industries, suspected of advancing funds illegally to a political party run by its founder Chung-Ju-Ung. Singapore dollar: Up at 1.6405 to the US dollar Friday, against 1.6410 a week previously. It was also firmer against the British pound at 2.5387 (2.5970), but weaker against the yen at 1.3219 (1.3175). Taiwan dollar: Down 1.75 Taiwan cent at 25.465 to the US dollar Friday. It finished mixed against major European currencies, closing at 39.63 to the British pound (39.75 the previous week), 4.72 to the French franc (4.73 and 16.12 to German mark (16.08). Hong Kong dollar: Up at 7.7423-7.7433 to the US dollar at the close Friday, against the previous week's 7.7452-7.7462. The effective exchange rate index Friday was 114.10, up 0.10 from Thursday.

Australian dollar: Down at 69.11 US cents from the previous Friday's local close of 69.37. The Aussie weakened on data released Thursday revealing that unemployment was running at 11.4 per cent, a post-World War II record. The central bank's trade weighted index, which measures the Australian dollar against a basket of major trading currencies, closed at 52.1 points, off 0.4 points. New Zealand dollar: Down at 51.70 US cents Friday, from the previous week's 51.75 cent. The Kiwi has been in a shallow dive for several months and wide range of market commentators say the trade weighted index is falling below the central Reserve Bank's safety range. The bank is expected early next week to announce whether it will tighten up the money supply to counter the inflationary aspect of the Kiwi's fall. Thai baht: Up three satangs at the close Friday at a mid-rate of 25.46 baht to the US dollar, from the previous week's close of 25.49. Malaysian ringgit: Down at the close Friday at 2.5458 to the US dollar, from 2.5370 previously. Dealers said the lower ringgit partly stemmed from increased commercial demand for the Greenback by local oil companies and banks to meet working requirements. The ringgit also closed lower against the mark at 1.6080 from 1.6021 previously. Philippine peso: Up at 25.411 peso to the dollar at the close Friday, against 25.482 previously. The appreciation of the peso has concerned exporters who are insisting that the government intervene to bring it down. Dollar has been pouring into the country's stock and money markets since the government liberalised foreign exchange regulations earlier this year, causing the peso to rise against the dollar. Indonesian rupiah: Unchanged at 2.059 rupiah to the dollar Friday.

China to become net importer of oil
BEIJING, Dec 14: China will become a net importer of oil as early as 1995 with domestic production unable to keep pace with fast economic growth, an official newspaper said Sunday, reports AFP. The country's oil imports are expected to equal or exceed exports by 1995, the English-language China Daily quoted experts as saying. Based on a economic growth forecast of eight or nine per cent, China would become a net oil importer by 2000, an unnamed trade official was quoted as saying. But with most economists predicting continued double-digit growth, the country will likely import more oil than it export at an earlier date.

Liechtenstein votes to join free trade zone
VADUZ, (Liechtenstein), Dec 14: In a radical break with its powerful Swiss neighbour, the tiny principality of Liechtenstein on Sunday voted to join a huge European free trade pact, reports AP. Authorities said 55.8 per cent of the electorate, or 6,720 people, voted in favour of joining the so-called European Economic Area, a free trade zone stretching from the Arctic to the Mediterranean. About 44.2 per cent, or 5,321 people, were against joining the pact. Voter turnout was 87 per cent of the 14,000-strong electorate. The result came one week after a slight majority of the Swiss rejected the free trade pact. It means that the customs and monetary union that has bound the economies of Switzerland and Liechtenstein for the past 70 years will either have to be renegotiated or annulled. Worried by signs that the Swiss might reject the pact and that the Liechtensteiners would follow suit, Hans-Adam in October demanded that the government hold the referendum ahead of that in Switzerland.

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