

BRIEFS

Isuzu, Mazda discuss technology sharing

TOKYO, Dec 25: Reaching outside their own corporate families to whether a recession, Japanese automakers Isuzu Motors and Mazda Motor Corp. are discussing a tie-up to exchange technology on diesel engines, an Isuzu official said Friday. The official, speaking on condition of anonymity would not elaborate on the details of the talks. But he denied Japanese media reports of an overall merger between the two firms. Business groups called "ketretsu," Keiretsu are clusters of firms that only do business with each other. They have been widely criticised abroad as blocking foreign imports, reports AP.

Help maintain tea output

CALCUTTA, Dec 25: PK Bora, Chairman of the Tea Board, Thursday called upon the tea industry not to be panicky over the declining trend in the turnover of tea, but to keep up production for exportable surplus. Inaugurating the 32nd Annual General Meeting of Tea Association of India, Bora said, "Let us keep our eyes fixed on long term perspective and there should not be any excessive pre-occupation of short term", reports PTI.

Asian stocks close mostly higher

HONG KONG, Dec 25: Asian stock markets closed mostly higher Thursday ahead of the Christmas holidays with share prices rising in Hong Kong for the fourth consecutive session. The Hang Seng Index, the Hong Kong market's key indicator of blue chips, rose 124.02 points to close at 5,442.01 in half-day trading. Brokers attributed the gain to year-end window-dressing and optimism ahead of the Christmas and New Year's holidays. The market was closed Thursday afternoon and won't reopen until Monday, reports AP.

Stocks fall, dollar rises in Tokyo

TOKYO, Dec 25: Share prices on the Tokyo Stock Exchange fell moderately in Friday morning trading, as the US dollar rose against the Japanese yen. The 225-issue Nikkei Stock Average shed 66.33 points, or 0.37 points, closing the morning session at 17,582.52 points. The average shed 41.82 points, or 0.24 per cent, on Thursday. The Tokyo Stock Price Index of all issues listed on the first section was down 5.11 points, or 0.38 per cent, to 1,345.05. The TOPIX gained 0.30 points, or 0.02 per cent, the previous day, reports AP.

India to spend \$28b in power sector

NEW DELHI, Dec 25: India will have to spend more than 28 billion dollar every year by 2010 to meet its burgeoning demand for energy, a report released here Tuesday said. The sum is equal to the entire foreign exchange India spent on oil imports from 1973 to 1988, said the report by the privately funded Tata Energy Research Institute here, which warned that existing energy patterns would have to change, reports AP.

France raise price of tobacco by 30 pc

PARIS, Dec 25: Stepping up its war on smoking, the National Assembly on Wednesday approved a 30 per cent price increase for all tobacco products, the proceeds to help fight a ballooning budget deficit. The increase — double what was earlier proposed — comes less than two months after the government banned smoking in many enclosed areas and just days before a complete ban on cigarette advertising Jan 1, reports AP.

Greek budget for '93 approved

ATHENS, Dec 25: The Greek parliament early Wednesday approved an austerity budget for 1993 that carries an overall deficit of 2,904 billion drachma (13.8 billion dollar). The budget approved by a vote of 151 to 144 after a five-hour debate, is based on growth forecasts of two per cent and inflation of 12.3 per cent. The borrowing requirement was set at 1,371 billion drachma or 7.9 per cent of Gross Domestic Product, reports AP.

Gulf Arabs tighten bank rules to fight money laundering

ABU DHABI, Dec 25: Gulf Arab states have tightened bank rules to fight money laundering amid a campaign to combat the growing narcotic smuggling in the area, regional bankers said on Thursday, reports AFP.

They said banks in most Gulf Cooperation Council (GCC) states had received instructions from monetary authorities to make more enquiries about their clients and tighten measures concerning the opening of accounts.

Many bank in the region have started the implementation of such measures and more banks are expected to

follow suit soon," one banker said.

The instructions from central banks were clear. Banks must do their best to help authorities in preventing money laundering.

The measures included investigating the identity of a client to check the source of the money and ensure he is not using a shadow name. They also involve presenting statements to central banks on operations over the past years.

The move follows a crackdown on money laundering in the western countries, particularly the United States.

According to a United Arab

Emirates (UAE) police expert, annual turnover from drug operation is estimated at 300 billion dollar worldwide.

Nearly one-third of this sum is earned in the United States, Mohammad Abdul Rahman said in a study to a police conference in Dubai this week.

"But statements by organised crime groups disclose only 40 per cent of their real income from drugs. In Colombia, they even disclose much less," Drugs seized in the Gulf area have dramatically increased over the past two decades. Interpol reports show an estimated eight towns

of drugs were seized in the GCC in 1991 compared with less than 200 kilograms in 1970.

In Oman, the central banks has asked the nearly 20 banks to keep records of all their financial transactions for a period of at least five years, bankers said. They were also asked to keep files about the identity of clients.

These measures are designed to prevent any party from exploiting our banks and financial institutions in laundering drug money," an Omani bank manager told AFP by telephone from Muscat.

Political crisis may force Rao to modify radical economic reform

NEW DELHI, Dec 25: Political considerations may force Prime Minister P V Narasimha Rao to modify India's radical economic reforms to suit his new-found leftist allies, economists and businessmen said on Thursday, says Reuters.

But they said the overall programme would go ahead and the modifications may only mean delay of new policies which Rao already has difficulties implementing.

"There's going to be a polarisation on the political front," said S L Rao, Director General of the National Council for Applied Economic Research

(NCAER).

"One does not know at what price the left would support the government's economic reforms. But the communists are not asking to go back to the old days, possibly because of the collapse of communism elsewhere. So, the macro-economic adjustment is not questioned."

Rao said India had come a long way through reforms which abolished most industrial licensing, liberalised foreign investment and made the rupee partially convertible.

With Gross Domestic Product growth projected at four per cent in the 1992-93

financial year which runs from April to March against 2.5 per cent in the previous year, there was reason to be positive and buoyant about the economy, he said.

The coming budget will say a lot of things, though it may not be as dramatic as the previous one," Rao said.

Narasimha Rao, locked in a bitter battle with the opposition Bharatiya Janata Party (BJP) in the wake of widespread violence triggered by the razing of a mosque, survived a no-confidence motion this week with the help of communist and leftist groups.

The BJP said Rao's alliance

with the left would hurt reform.

"Political compulsions are more important than economic ones," said Jagdish Shettigar, an economist with the Hindu nationalist BJP which seeks to force Rao into early elections.

"The government may have to choose between IMF conditionalities and leftist demands," Shettigar said, referring to the seven billion dollar to nine billion dollar loan the government is seeking from the International Monetary Fund to help implement its reforms.



SURVIVAL OF THE FITTEST: Children fight in Somalia to scrape rice from the bottom of a barrel on Dec 24 at a feeding centre in Mogadishu. For the thousands of displaced people who have flooded the capital, conditions have greatly improved since the US-led humanitarian relief effort began.

Kaohsiung — top ship business centre

HONG KONG: On the south-west corner of Taiwan there lies the port-town of Kaohsiung. For many years it was probably the noisiest place on earth. But in recent times it has gone silent, much to the dismay of two of the world's leading industries.

Kaohsiung was not a busy or a rich place in the 1950s, in the wake of the Second World War and the Communist quest on the Chinese mainland. But over the next 20 years the harbour was extended to become Taiwan's biggest port.

Steel and chemical works were erected, and a high-tech container-handling facility was built to rival Asia's other bustling ports — Hong Kong, Singapore and Kobe.

Most curious of all, however, was the little group of family concerns that resolved to go into the ship business. No, not building ships, because the families did not have the capital to build giant shipyards.

They scrap ships. Their business requires only a

stretch of beach to tie up the rusting hulks of superannuated vessels, some pontoons, to float the crews about — and an army of tough men with tools to burn, cut and the vessels to bits.

In the 1970s, a large number of very old ships had finally to be taken off the cargo lanes. They were the famous wartime Liberty ships, together with many other specialised craft, such as the smaller tankers.

They had served the world well, but were now being superseded. Swift new freighters with improved diesel engines, and the new supertankers, were flowing out of the brand-new yards of Japan, Spain, Korea and Brazil.

The Kaohsiung families offered cash on the nail for the old fleet, and somehow or other no other nation seemed to want to take up such a noisy dirty industry. So for 15 years Taiwanese beaches became the last call for thousands of ships.

Fleet owners would sail the vessels to a number of shel-

tered waters around Southeast Asia. Two areas became full of them — the waters between Singapore and Malaysia and those around the north of Lantau Island in Hong Kong. Whole regiments of ships lay in long lines, with only skeleton crews aboard, awaiting the call from Kaohsiung.

Eventually they would be painfully sailed or towed to their last beach. In ragged plates and chunks, their hulls and superstructures would feed the nearby steel mills, and the newly-made steel would then feed the shipyards. Thus the Liberty ships would be born again — as anything from police launches to super-tankers.

But in the mid-1980s all the activity began winding down. The second steep rise in the oil price had shocked world trade. Sales of all raw materials began to level off and then fall. World trade hesitated.

Shipowners competed hard for shrinking cargoes, driving down the freight rates.

Ironically, this kept many older ships from being scrapped because owners figured that their written-down value was so low that they were "cheap to run." It was many newer and bigger ships that were laid up to await better trading times.

Thus Kaohsiung's scrapyards are now very vacant (and the steelworks and shipbuilding yards are not as prosperous as they were, either).

There were signs in 1991 that perhaps trade would revive after the Gulf War was over. But 1992 seems to have dashed those hopes. By August this year, freight brokers were saying that the shipowning business was once more in a bad slump.

However, shipbuilding orders have remained remarkably high. Over the last five years there has been a jump in orders for "bulk carriers" — those vessels with large dry cargoes of grains, mineral ores and coal. — Depthnews Asia

Japanese start to get taste of foreign spices

WASHINGTON, Dec 25: Spice is becoming the variety of life in Japan, say US trade experts, offering American exporters new opportunities, says AP.

Until recently, imported spice products were used primarily by the foreign community living in Japan and by Japanese people who had lived abroad.

However, changes in Japanese eating habits recently have led to increased demand for imported spices, according to a report this month in AgExporter magazine published by USDA's Foreign Agricultural Service.

"Sales of spices and seasonings in Japan are growing at about 3.5 per cent annually, and reached 371 million dollar in 1990," it said.

The Japanese eat out more than they used to, increasingly at Western and ethnic restaurants, and the consumption of beef is on the rise, the report said.

The number of restaurants featuring spicy foods is expected to increase in major urban areas and some of the major food manufacturers and distribution companies now are investing in ventures involving ethnic food," it said.

Wall Street stocks rise after long depression

NEW YORK, Dec 25: Buoyed by a drop in long term US interest rates and year-end trading, share prices rose slightly on Wall Street during Christmas week, reports AFP.

The Dow Jones Index of 30 blue chips closed at 3,326.24 Thursday, up 12.97 points (0.39 per cent) from last Friday. The market closed early Thursday and does not open Friday because of the holiday.

Share prices were held down by profit-taking and sell-offs of poor performers so investors could claim the losses as tax breaks.

But the market got a boost from capital flow from the bond market, where long term interest rates fell to their lowest level since early autumn because of expectations that US inflation would not be a problem in 1993.

Share prices got another boost from IBM, which recovered slightly Thursday after losing more than 17 per cent of its value on news it would cut 25,000 jobs.

\$30m stolen from an Argentine bank

BUENOS AIRES, Dec 25: Argentina's central bank late on Wednesday reported that 30 million peso (30 million dollar) had been stolen from one of its regional reserves, reports Reuters.

A central bank communiqué said the money, in bills of the old denomination called the austral, was stolen from its regional reserve in the vault of the Banco de La Provincia de Santa Fe in the city of Rosario, 300 km (186 miles) north of Buenos Aires.

Argentina introduced the peso this year to replace the inflation-tattered austral but austral-denominated bills are still legal tender.

The communiqué said the central bank had asked banks to adopt measures to prevent the stolen bills from being put back into circulation.

Russian minister vows to fight against dollarisation

MOSCOW, Dec 25: Newly-appointed Deputy Prime Minister Boris Fyodorov has vowed to ban the US dollar as legal tender, putting an end to what he termed as "economic apartheid", the daily Izvestia said Thursday, reports AFP.

In an interview, the 35-year-old Deputy Prime Minister with responsibilities in both finance and economics said his main objective was "the fight against dollarisation of the economy."

"The rouble must be the only legal tender on Russia's territory... We must go beyond this transitional period during which foreign currencies are pushing out the domestic currency," Fyodorov said.

The US dollar and other foreign currencies have over the past year been increasingly used as a medium of exchange with all foreign-owned businesses in Russia as well as at street kiosks that have sprung up throughout the city.

The rouble, pegged to the US greenback, has fallen drastically on the currency market in the past six months, prompting many Russians to seek jobs that offer wages in hard currency.

"Our national currency must no longer support this type of apartheid," Fyodorov said, adding that it "was a complicated task" to make the rouble only legal tender.

"It must not be carried out hastily but it can be realistically done," he added.

Fyodorov also vowed to fight inflation currently running at a monthly rate of about 20 per cent and said the parliament should no longer have to balance its budget sheet by ordering the central bank to issue more credit.

He proposed to solve the problem of Russia's interior debt by issuing securities.

The young newcomer, who was appointed this autumn as Russia's envoy to the World Bank in Washington, worked previously for the European Bank of Development and Reconstruction in London and served as Russian Minister of Finance in 1990.

He also holds a doctorate in Economics and helped prepare the 500-day economic reform programme of economist Grigory Yavlinsky, under the former Soviet leadership of Mikhail Gorbachev.

Prime Minister Victor Chernomyrdin said Fyodorov will be charged with monitoring the strategy of economic reform, a portfolio which gave him sweeping power over several key economic ministries.

Indian stock market ends session on upbeat mood

NEW DELHI, Dec 25: Indian stock market ended its session for 1992 Thursday on an upbeat mood, overcoming worries of a huge securities scam and recent communal frenzy following the razing of a mosque by Hindu zealots, reports AFP.

The Bombay Stock Exchange (BSE) Sensitivity Index soared up for the first time since December 6 when the mosque's razing triggered Hindu-Muslim riots that left some 1,150 people dead and thousands more injured.

The BSE Sensex, based on the performance of 30 blue chip companies, stood at 2615.37 points Thursday, gaining 138.98 over past week's 2476.39 points when prices were sliding on the face of uncertainties over the mosque issue.

India's premier stock market exchange's Sensex last week had dropped 2.3 per cent while the national index, the barometer of the country's economy, shed 5.1 per cent over the previous week level.

The national index improved by 76.62 points as compared to last week, posting 1,184.60 points on the

Christmas eve — and gaining 15.28 points in a day — as positive results poured in from India's 15 other stock markets. BSE officials said.

Bearish trends reversed during the five-day trading in the BSE as heavy buying continued pushing the Sensex by 44 points in a single day Thursday, traders said.

Shares of market leaders associated cement companies, Tata, Reliance Industries, Apollo Tyres, Castrol were in the limelight during the week.

The BSE will re-open January 2 after remaining shut for eight days.

The mood defied predictions that the recent events are likely to affect corporate growth in India and that most companies are thus expected to post poor second-half results.

Equity prices in New Delhi's stock market zoomed up Thursday as particularly responding to International Monetary Fund forecast that Indian economy was likely to register a five per cent growth rate in 1992-93.

Fed Reserve adopts policy to lower interest rates

WASHINGTON, Dec 25: Federal Reserve policy makers decided at a mid-November meeting to maintain a policy leaning toward lower interest rates if the economy began to sputter, according to minutes released on Thursday, reports AP.

Members of the Federal Open Market Committee reviewed information that "suggested that economic activity had been expanding at a moderate pace," the minutes said. At the same time, wage and price data suggested "a continuing trend toward lower inflation."

As a result, all but three of the 12 members agreed to maintain rates if needed. As it turned out, the Fed did not act.

The majority included Fed Chairman Alan Greenspan and governors Wayne D. Angell, Edward W. Kelley Jr, Lawrence B. Lindsey, David W. Mullins Jr and Susan M. Phillips, and Fed regional bank presidents E

Gerald Corrigan, Thomas H

Hoening and Richard F. Syron. Governor John P. LaWare and regional president Thomas C. Melzer disagreed, saying the bias toward lower interest rates was unnecessary because of the strengthening economy.

Regional president Jerry L. Jordan dissented because of a desire for faster growth in the money supply.

The FOMC adopted the current policy leaning toward lower interest rates, if needed, in midsummer when the economy entered a mild slump.

It voted to continue that policy during meetings in August and October, although it agreed to a stronger "marked bias" toward easing at the latter meeting.

The FOMC met again this week, but its meetings are closed to the public. Minutes of the proceedings will not be released until early February.

Intensive cultivation helps lose soil fertility in Asian region

BANGKOK, Dec 25: There is more bad news for Asian countries struggling to feed their rapidly-growing populations: Intensive cultivation is causing soils throughout the region to lose their fertility, reports BSS.

Over-cultivation has bleached vital nutrients from farmlands dwindling harvests and spreading misery among the continent's poorest. Excessive grazing by livestock and deforestation is also eroding precious top-soil.

"Soil nutrients removed by repeated higher harvests and frequent cropping are simply not being replaced," says F J Dent, a soil specialist with the Food and Agriculture Organisations (FAO) regional office in Bangkok.

The Asia-Pacific region has the world's two most populous nations, China and India, and in hope to nearly 60 per cent

of the world's 5.2 billion people. But the region was less than one-third of the arable land in the world.

Asia is fast running out of arable land for cultivation. But in response to population pressure and scarcity of farmland, many countries are going for bigger and more frequent harvests.

Asia's average population growth rate is 1.9 per cent year, but its cereal production is still growing at three per cent. "This sounds good," Dent says. "But can we continue to do so? Can this growth in agriculture production be sustained?"

What experts are worried about is that Asia will not only have to keep feeding more and more people on a finite area of arable land, but it will have to do so on over-used soil that is getting poorer and poorer in essential nutrients.

Twenty years ago, scientists developed new high-yield varieties of wheat and rice seeds that helped Asian countries with fast-growing populations avert famine.

The miracle seeds unleashed a "green revolution." But critics say the seeds had to be pampered by expensive and ecologically harmful fertilizers and pesticides to yield big harvests.

Some agronomists are worried about the bad press that artificial fertilizers have been getting. They say chemical fertilizers are essential in replenishing nitrogen, phosphates and potash that frequently harvested soils lose.

They favour a balance between chemical and organic fertilizers to replace nutrients lost from the soil.

The FAO has studied the removal of nutrients from soils in Bangladesh, Indonesia,

Nepal Pakistan and Sri Lanka and has found that there is serious depletion vital ingredients.

"In India analysis... showed that a declining trend in productivity was occurring, even with the application of mineral fertilizers under modern intensive farming conditions," said a report.

In China's intensively cultivated farms, FAO found a big drop in the content of organic matter in the soil, which it said could not be remedied by topping the soil off with chemicals.

Besides nitrogen, phosphates and potash, which are essential for crop growth, intensive agriculture is also taking away indispensable micro-nutrients like zinc and sulphur.

In Bangladesh, zinc and sulphur deficiency has hit up to one-third of the soil. And in

the last 20 years, organic matter in the country's once-fertile delta farms has dropped by half.

Faced with falling productivity, impoverished farmers are moving into forests with unsuitable soils or up steep and fragile mountain slopes. Resulting erosion caused by heavy monsoon rains is bleeding the land, reducing agricultural yield.

The FAO office in Bangkok has been surveying land degradation in Asia-Pacific countries, and has come out with a report that shows serious soil loss in countries that need to grow food most.

In China, land damaged by win water erosion make up 30 per cent of the total area. Nearly half of India's total arable land is similarly degraded. Vietnam, Thailand and Nepal also have high soil

erosion rates.

In a report published earlier this year called "Womb of the earth" FAO says countries need to ensure balanced and efficient application of fertilizer to compensate nutrients lost from soils that are being used constantly to yield bigger harvests.

The report recognises that technological fixes alone will not stop soil impoverishment: "Orthodox soil conservation techniques alone cannot combat situations where degradation stems from overwhelming socio-economic pressures."

It says high-intensity agriculture can have an irreversible environmental impact on the land, and argues that low-input, mixed farming systems combined with efforts to reform land tenure laws, farm pricing and marketing could be more sustainable and ensure equity.

Norway's plan to resume whaling poses grave threat: Bush

WASHINGTON, Dec 25: President Bush said Wednesday that Norway's plan to resume commercial whaling next year poses "grave consequences" for a worldwide conservation programme, says AP.

However, he said he is not ordering economic retaliation "at this time" in the hope that Norway will reconsider.

The moratorium on commercial whaling adopted by the International Whaling Commission is observed by the entire community of nations, including those that are not members of the IWC," Bush said in a letter to congressional leaders.

US animal-protection groups are campaigning to punish Norway financially if it hews to its plan to catch 2,000 minke whales for profit in 1993.