

BRIEFS

Drug from Pakistan worries Riyadh ISLAMABAD, Dec 29: Saudi Arabia has expressed grave concern over the smuggling of drugs from Pakistan to the oil-rich Islamic kingdom, an official report published here said Monday.

Guangzhou plans big airport

HONG KONG, Dec 29: The southern Chinese city of Guangzhou plans to build a new international airport with an annual passenger capacity of 30 million, reports said Tuesday.

Shares gain in New York

NEW YORK, Dec 29: Stock prices climbed late in the session Monday to push the Dow Jones industrial average into positive territory on thin volume.

Robbers make off with \$8m in cash

NEW YORK, Dec 29: A gang of robbers overpowered a lone guard at an armored car company building and made off with at least eight million dollars in cash, police said Monday.

Pak film industry suffers loss in '92

ISLAMABAD, Dec 29: Pakistan's film industry suffered a loss of 210 million rupee (about 8.4 million US dollar) in 1992, Pakistan produced 88 films in the year, costing 260 million rupee (about 8.4 million dollar).

Dollar higher in Tokyo

TOKYO, Dec 29: The US dollar remained slightly higher against the Japanese yen in Tuesday morning trading, as share prices on the Tokyo Stock Exchange edged higher.

One charged with fraud in NY

NEW YORK, Dec 29: A man once responsible for preventing crime at New York airports was charged on Monday with fraud for allegedly using more than 50,000 dollars of his agency's money for holiday trips, plumbing repairs and cigars.

Li warns against fast growth

BEIJING, Dec 29: Chinese Premier Li Peng has warned of the danger of China's economy growing too fast, the official People's Daily said Monday.

IMF, World Bank ending '92 on down note

WASHINGTON, Dec 29: The International Monetary Fund and World Bank are ending what should have been a year of celebration on a down note, faced with a stalling global economy and new fissures in Russia's economic reforms, reports Reuters.

Charged with guiding the increasingly complex international monetary system, IMF officials said they are particularly concerned with an apparent breakdown in 1992 of a carefully woven system of economic cooperation among the largest and richest industrial countries.

A global recession, IMF officials warn, could prompt rich nations to go their separate

ways instead of acting in the best interests of the world economy. For their part, World Bank officials have grown more worried about their continued inability to lift the world's poorest countries, especially those in sub-Saharan Africa, out of grinding poverty that has gripped them for decades.

It wasn't supposed to be like this since 1992 was the first full year that both the IMF and World Bank became truly global. Russia and the other former Soviet Republics joined the two institutions they once reviled as "capitalist tools."

"While not every country agrees with everything the two institutions press for, virtually none feel they can be a part of

the international economic system without being members," said one official. The few remaining holdouts include North Korea and Cuba. But Russia's entry into the ranks of the IMF and World Bank has proven a mixed blessing.

The IMF in particular has been harshly criticised for being too tough on Russia, demanding painful reforms before the nuclear superpower can obtain IMF money. Recent developments have not helped. Upheavals in the Russian government seemed to signal a further softening of Moscow's commitment to reform.

"We didn't think it would be easy (to get reforms) and we

were right," said one IMF source. But the fund's forecast for a 1992 global economic upswing missed the mark, thanks to economic slowdowns in Europe and Japan.

In a major downward re-assessment of economic activity for next year, the IMF last week said global growth would only increase 2.3 per cent and the industrial countries would grow a sluggish two per cent.

A few months ago, the international lending agency had been far more optimistic, calling for 3.1 per cent global growth with 2.9 per cent growth for the industrial countries in 1993.

IMF officials have been increasingly disturbed about

what they view as a virtual collapse of economic coordination between the so-called Group of Seven countries — the United States, Japan, Germany, Britain, France, Italy and Canada.

IMF sources said the lending agency will press for countries to work more closely together to avoid upheavals in currency market and other problems. Recently, IMF Managing Director Michel Camdessus has been uncharacteristically sharp with the United States, Germany and Japan. He has urged them to act to help improve the stalled global economy.

Recessions and budget deficits in the richer nations have made it "increasingly dif-

icult to get funding" to help poor nations, said one official. Camdessus is pushing for the IMF to expand its own facilities that provide low cost help to poor countries. He wants to make one programme, the so-called Enhanced Structural Adjustment Facility, permanent in 1993.

It would complement new funding agreed to last week for the International Development Association, the World Bank arm that makes essentially interest-free loans available to the poorest countries. Last week, some 34 nations, including the United States, pledged 18 billion dollar to IDA over the next three years.

China will relax control on imported electronic goods

BEIJING, Dec 29: China will relax controls on importing some electronic products beginning Dec 31, an official newspaper reported Tuesday, according to AP report.

The China Daily said the Ministry of Foreign Economic Relations and Trade will remove import license requirements and quotas for instant cameras and import quotas for instant film.

Controls on importing oscilloscopes and digital-programmed telephone switching systems also will be eased although purchases of both will still require special registration, the paper said. It said switching system imports would be handled through international bidding.

China has been chipping away at its complex structure of import restrictions to try to qualify for membership in the General Agreement on Tariffs and Trade, an international body that promotes free trade.

'92 appears disastrous for corporate America

NEW YORK, Dec 29: General Motors Corp. slashes tens of thousands of jobs ousts the chairman, reports AP.

IBM spends more than 11 billion dollar to streamline and its stock sinks. Sears, Roebuck and Co. abandons non-retailing businesses amassed over 20 years. American Express Co loses nearly 1 million card customers and the chairman steps down.

On the surface, 1992 appeared to be a disastrous year for corporate America. Pillars of the Fortune 500 list of leading corporations performed a bloodletting that was steady, extreme and unprecedented.

But the headlines masked a positive trend emerging at the corporations whose troubles spilled into public view. At dozens of other companies seeking to compete in the 1990s, change is in full force.

ME aviation industry back on business

NICOSIA, (Cyprus), Dec 29: The Middle East's airlines are flying high again, two years after the Gulf crisis threatened to doom the region's aviation industry, says AP.

But while most have managed to operate through political turmoil, the region's carriers still face the same problems as other airlines afflicted by high costs and recession.

"They've got the people back in the planes but not in a way to create profits," said John Brindley of the International Air Transport Association in Geneva. "The yield has not increased, and costs, of course, have increased."

To help improve their bottom lines, many Mideast carriers have undertaken major expansion projects, and new airports are being built to accommodate such growth.

Kuwait Airways Corp, ransacked by the Iraqis during the Gulf War, is negotiating financing for between seven and eight new Airbus jets. Al-Rajhi, the Saudi-based Islamic bank, already has arranged financing for two A320s and Airbus Industrie has agreed to buy back six older A300s that had been hijacked by Iraq.

Shorouk Airlines, a charter carrier formed by EgyptAir and Kuwait Airways, has ordered four Boeing 757s for 240 million dollar and taken options on four others. They will operate between the Middle East and Europe.

France's warplane sale plan to Taiwan slated

BEIJING, Dec 29: The official Xinhua News Agency issued a blistering condemnation Monday of France's reported plan to sell 60 warplanes to Taiwan, indicating that China's wrath may not yet be spent, reports AP.

Last week, China ordered France to close its consulate in Canton, knocked France out of the competition for a subway contract and threatened to halt Chinese-French cooperation on a nuclear power plant.

The Xinhua commentary seemed to hint that more retaliation was in store. France's decision to sell the planes, it said, "will force it to eat the bitter fruit."

The French side has claimed that its decision is merely of an economic nature and has nothing to do with French-Chinese political threaten the balance of power across the Taiwan Straits. So how can such behaviour be merely of an economic nature?

Foreign investment in Pakistan doubles in one year

ISLAMABAD, Dec 29: Foreign investment has doubled in one year due to the conducive environment created by the government's liberal economic policies, the United Arab Emirates, Germany, France, Hong Kong, Saudi Arabia and the Netherlands.

An American company, McFarlane is investing about 600 million dollar in a power generating project and the development of Gawadar port.

The Korean Daewoo group has planned to set up 23 major industrial projects, he said adding that they were seeking land for the projects on concessional terms.

The Minister said that within next two weeks five or six major projects were likely to be signed.

year's figures, he said 646 million dollar have since been transferred to the State Bank of Pakistan from Britain, the United Arab Emirates, the United States, Germany, France, Hong Kong, Saudi Arabia and the Netherlands.

An American company, McFarlane is investing about 600 million dollar in a power generating project and the development of Gawadar port.

The Korean Daewoo group has planned to set up 23 major industrial projects, he said adding that they were seeking land for the projects on concessional terms.

The Minister said that within next two weeks five or six major projects were likely to be signed.

The minister said the areas of foreign investment included textiles, computer, synthetic fiber, solar energy, high-tech engineering, electrical plants beside fire arms and police equipment.

\$125m US aid Pakistan is expected to get 125 million US dollar in non-military aid from the United States in the current American financial year, reliable sources said here Tuesday.

The aid is to be provided for narcotics control, population control and other non-military purposes.

The US has cut off millions of dollar in military and economic aid to Pakistan under the Pressler Law since October 1990.

Russia plans to launch spaceship

MOSCOW, Dec 29: Russia plans to launch a spaceship with two monkeys aboard and conduct scientific experiments on the animals, a news agency said Monday, reports AP.

The Interfax news agency said the space rocket Bion will be launched at 4 pm (1300 GMT) Tuesday from the northern Plesetsk cosmodrome.

The press service of the Military Space Programme said that experts from the European Space Agency as well as Italian, German and other foreign scientists will oversee biological experiments on the monkeys and insects aboard from the ground control center, Interfax reported.

It also quoted the press service as saying, without elaboration, that such experiments could not be conducted on human beings.

Kenya's next govt will find it tough to bag western donors aid

NAIROBI, Dec 29: Whoever wins Kenya's first multi-party election in a quarter-century on Tuesday will find it tough going to a bag aid from western donors demanding speedy economic reforms and austerity measures, reports AP.

Donors froze about a third of Kenya's billion dollar a year in foreign aid last year pending far-reaching political and economic reforms.

President Daniel Arap Moi has reluctantly legalised opposition parties, but only France has since announced the resumption of aid.

Diplomats here said whichever party headed the next government would have to work hard to convince donors that it would trim Kenya's swollen state sector and crack down on corruption.

"Moi seemed to believe that introducing a multi-party political system would do the trick, but donors are looking for action on the economy, not just lip-service to free-market ideals," said a western envoy, politics is only the first step."

Other diplomats said the bet-tightening measures

needed to revive Kenya's ailing economy such as cutting government jobs would inevitably be unpopular with the electorate.

The economy grew only two per cent last year, 50 per cent from previous years. Tourism, the biggest foreign exchange earner, has been hard hit by a spate of attacks on foreign visitors earlier this year, political violence and the recession in the west.

Hotels on the Indian Ocean coast, a favourite destination for Europeans seeking winter sunshine, report a 50 per cent decline in visitors this season.

Drought has reduced food production, forcing Kenya to import staple foods such as maize, and the state is chronically short of hard currency.

The government of Moi, a 68-year-old former school teacher in power for 14 years, has come under fire from the opposition for corruption following allegations that kickbacks were paid to government officials which surfaced during investigations into the murder of a former Foreign Minister.

Unified Germany will face most difficult year in '93

BONN, Dec 29: Unified Germany will experience "its most difficult year" in 1993, the President of the German DGB trade union confederation Heinz-Werner Meyer said in remarks on radio here on Monday when he warned that pay negotiations would be difficult, says AFP.

"We shall not have any economic growth, no growth of gross national product in West Germany and we shall experience in East Germany growth of gross national product less than would be required to create jobs," he said on Saarlandischen Rundfunk radio.

Werner said that the number of people without full-time of part-time work would increase, and said that negotiations about pay next year would be "particularly tough" even if the unions made claims in a "reasonable and measured way."

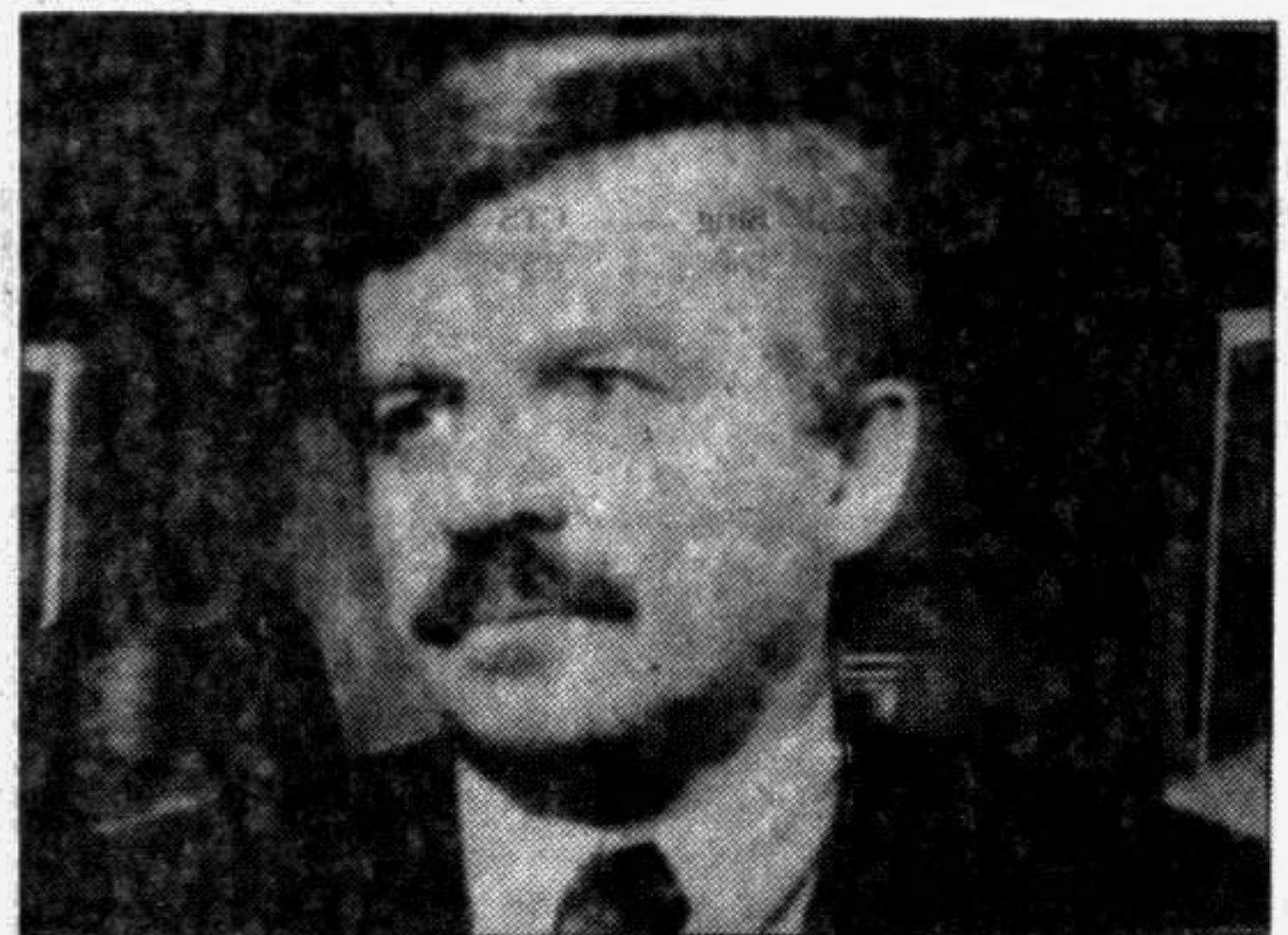
Meanwhile the opposition Social Democrat Party accused Chancellor Helmut Kohl of having permitted German influence to be eroded during the attribution of responsibilities among the new team of commissioners at the headquarters of the European Community.

The criticism, which echoed sentiments expressed

by other personalities, was made by the Social Democratic President of the Conference of Regional Ministers with responsibility for European Affairs, Florian Gerster.

He said that the German

Commissioners among the 17 in Brussels. But the conservative daily newspaper Die Welt has noted that Martin Bangemann had to cede his influential



German Finance Minister ... a hard year ahead? —Star TV photo

commissioners now had inadequate influence on key sectors of policy. Kohl had been slow to realise that commissioner President Jacques Delors had been pushing his own interests in the fight for portfolio.

Germany has two commissions among the 17 in Brussels. But the conservative daily newspaper Die Welt has noted that Martin Bangemann had to cede his influential

portfolio for the internal market to take the lesser function of industrial affairs, telecommunications and information.

Die Welt said that Germany had slipped not in number but in weight.

China to launch telecom satellite

BEIJING, Dec 29: China is to launch a telecommunications satellite for a Hong Kong firm in June 1994, the official China daily reported today, reports AP.

Hong Kong Asia Pacific communications confirmed in the British colony that the satellite, to be built by US firm Hughes Aircraft, would be sent into orbit by China at that time.

The satellite is to be launched on a Chinese long March-3 rocket from Xichang in southwestern Sichuan province at a cost of some 40 million dollar, the China daily said.

The English-language daily said the contract was signed on the weekend, soon after an Australian optus B-2 satellite, also built by Hughes, went missing following its December 21 launch by Chinese long March 2-E rocket.

China says the launch was successful and that it is not responsible for the loss of the satellite, putting the blame instead on Hughes.

The cause of the failure is not yet known.

China has launched three satellites for foreign clients. The first, an Asiasat-1 in 1990, was for the Hong Kong company Asia satellite communications.

Foreign banks accused of playing larger role in Indian bond scam

NEW DELHI, Dec 29: A parliamentary panel investigating India's Murkest securities scam accused foreign banks Monday of playing a larger role than local officials or politicians in the billion dollar bond swindle.

Joint Parliamentary Commission (JPC) Chairman Ram Niwas Mirdha said the five-month probe by the panel had led to conclusions that foreign banks and brokers were the main villains in the fraud rather than "public figures."

"Being better equipped technologically, the foreign banks through their aggressive salesmanship used whatever influence they have... to make profits at a very abnormal level," Mirdha told all India radio in an interview.

The JPC, set up four months after the 1.2 billion dollar scam erupted in April, has a accused Citibank, ANZ Grindlays, Standard Chartered, and American Express of conniving with brokers to play the

markets with skimmed bank funds.

"The money for the boom in the stock market had come from regular banking channels, public sector undertaking bonds and forged bankers receipts," Mirdha said, adding that most of the lost money could still be recovered.

The Bombay stock market sensitivity index, based on the performance of 30 blue-chip companies hit the magical 4,000-point mark before the scam-bubble burst turning thousands of small and medium investors into virtual paupers.

"Investigations into the criminal aspect of the scandal by different agencies, particularly by the income tax authorities, would certainly point out where the money has landed, Mirdha said.

Foreign banks, 23 of which operate here through 140 branches, are the subject of an audit by India's central bank.

Iran plans to join GATT

NICOSIA, Dec 29: Iran, pressing on with a drive to join the mainstream of the world economy, plans to become a member of GATT, the main legislative and negotiating framework for international trade, reports Reuters.

Sirous Nasserli, ambassador to the United Nations' European office in Geneva, expressed Iran's interest in joining GATT in a meeting with its Director-General Arthur Dunkel, the Iranian news agency IRNA said on Monday, quoting Tehran press reports.

"Nasserli called for GATT's cooperation to accelerate Iran's joining the agreement,"

it said. Dunkel said the Geneva-based General Agreement on Tariffs and Trade would help Iran's membership bid by sending experts and holding seminars to inform Iranian organisation about GATT regulation.

Nasserli pointed to Iranian measures to "change tariffs, step up non-oil exports and create free trade and economic zones with other countries" as part of its new economic policies.

The IRNA report, monitored in Cyprus, said the meeting was held in Geneva but did not give its date.

Direct investment abroad by Japanese firms to decline

TOKYO, Dec 29: Direct investment abroad by Japanese manufacturing companies will continue to decline next year but may return to bullishness in a few years, the Export-Import Bank of Japan said Monday, reports AP.

The Bank also sees China, Indonesia and the United States as the most popular countries for new investment and is satisfied with the level of investment in newly industrialised economies and non-communist South East Asian nations.

A survey by the bank's research institute showed that planned investment by 205 manufacturing companies in the fiscal year to March 1993 would drop 24.3 per cent from the previous year to 1.37 trillion

yen (10.96 billion dollar). Investment by 106 companies in the year to March 1994 is projected to fall 19.7 per cent from the previous year to 535.12 billion yen (4.28 billion dollar).

The Research Institute of Overseas Investment gave questionnaires to 614 companies and received different numbers of responses for the two years.

It said, however: "in medium-term perspective, companies will maintain their basic strategies of promoting overseas activities."

The institute said most major industries were reducing investments in the current fiscal year but in the next fiscal year the automotive and electric machinery industries

would step up their investments.

The number of companies with plans to invest in China increased from 38 last year to 64 this year. Of them 52 are willing to "increase or largely increase investment" in the communist giant with an economic open-door policy.

One hundred companies plan to invest in the United States and Canada, compared with 136 last year, prompting the institute to conclude that North America was "still popular" despite the "small decline."

But there was a "sharp decline" from 120 to 88 in the number of companies planning to invest in the European Community.

Indian tea hopes to recover Russian market loss by next year

CALCUTTA, Dec 29: The Indian tea industry is hopeful of being able to make up by next year, the loss of the export market caused by the disintegration of the Soviet Union, reports PTI.

The Chairman of the Apex body of the tea industry, the Consultative Committee of Planters' Association (CCPA), HP Barooah said that 50 per cent of the loss in export volume caused by lesser Russian buying has already been made up with exports to other countries going up.

Addressing a press conference on the occasion of the proposed international tea convention, he said that this year total purchases by the CIS was expected to be around 40 million kg as against the 120 million kg the erstwhile Soviet Union purchased.

The Indian tea industry has succeeded in regaining this 70-million kg loss of export volume by pushing 35-million kg of additional tea to other markets, Barooah said.

Between April to October this year, export licence for 130 million kg has been issued, he said.

Barooah, who is also the Chairman of the Indian Tea Association said that the Russian buying this year was not expected to be more than 40 million kg in total.

Of this 22 million kg have been brought under the 1992 trade protocol under which initially 75 million kg were expected to be bought, another 18 kg have been brought by them in hard currencies.

Pointing out that the long term repercussions of the loss of the erstwhile Soviet market which imported over 50 per cent of the country's tea would be good Barooah said that it would free the industry from the hazards of depending largely on one single market on the basis of trade agreements.

He said that unit prices of Indian tea in terms of rupee have improved this to Rs 62.35 per kg

from Rs 55.99 per kg adding that this was both on account of devaluation and better price realisation.

The managing director of Tata Tea Ltd Krishna Kumar who was also present at the conference said that it would however not be wise to abandon the Russian market altogether.

Kumar — whose company was the single largest producer-exporter of tea-said that it was essential to make sure that a strong foothold was obtained through "strategic alliances" which would allow an Indian company to have a presence in Europe or nearby.

This, he said, would help the company and thereby the Indian industry to have a front running position in exporting tea to the CIS countries once the condition in these states improved.

According to detailed statistics available from the Commercial Ministry in April and August

1992 India has been able to push through increased amounts of tea to Belgium, Canada, Egypt, Germany, UK and Poland.

There was a very good potential of India tapping the 120 million kg tea market of her next door neighbour Pakistan an industry source said adding that Currently Sri Lanka was making good of this opportunity.

While some clandestine exports to Pakistan did take place political will would be needed to tap this market fully, according to sources.

In this context the tea industry was very enthused about the participation of the Pakistan Tea Association — the country's largest tea buying conglomerate — in the tea convention starting in New Delhi, on January 24, 1993.

The convention aims to focus on India — as a reliable supplier of all varieties of tea — to the over 40 foreign participants expected to take part in the convention.