Tata, Birla top in India

NEW DELHI, Mar 13: The industrial houses of Tata and Birla stood first and second respectively among the top 50 industrial houses in India, Minister of State for Law. Justice and Company Affairs H R Bhardwaj told parliament on Thursday. He said that the size of assets of the Tata group was 85.3 billion rupee (2 66 billion US dollar) as on December 31 last year, while that of the Birla group stood at 84.7 billion rupee [2.64 billion US dollarj. They were followed by the reliance at 26 billion rupee (812 million US dollar), reports Xinhua.

Stocks sharply lower in NY

NEW YORK, Mar 13 Stocks closed sharply lower Friday, pressured by mount ing concern about political instability in Russia an unexpeeted rise in US wholesale prices. President Beris Yeltsin's battles with parliament could take President Clinton's eye off his own economic recovery plan, said lugh Johnson, chief market strategist at First Albany Corp. The bond market redly likes that plan," Johnson said, and the fear that it could be jeopardized forced interest rates higher and stocks lower. Stocks were also hit by a report Friday morning that prices paid by wholesalers jumped 0.4 per cent in February, the biggest risc in more than two years. Analysts had been looking for a milder 0.3 per cent rise in the department's Producer Price Index, which measures prices paid to producers such as factories and farmers says AP.

Imports higher than exports

NEW DELHI, Mar 13: India's Commerce Minister Pranab Mukherjee told the lower house yesterday that India's imports rose by 21.7 per cent from April to November last year while exports grew by 13.6 per cent in the same period. India. Mukherjee said, had a trade deficit of 38 billion rupee or 1 18 billion US dollar with the EEC in 1991-92 which came down to 21.15 billion rupce or 660 million US dollar in 1991-92. The minister believed that it could be advantageous to India provided it brought down subsidies to the agricultural products in Europe, says Xinhua.

Ferre exception in Italy's fashion

MILAN, Italy, Mar. 13: Gianfranco Ferre is the exception that proves the rule. While the rest of Milan laid extravagance to rest, at least for the time being, Ferre, who closed the five day fallwinter 1993-1994 ready-towear collections Thursday presented a winter look designed for the good life. Gold and bronze fabrics, sable collars and cuffs, rich embroidery and heavy duty jewelry all combined to create an air of opulence, somehow out of sync with the present "hard times" Milan mood. As Ferre collections go, it was a winner. In recent seasons the architect turned designer had concentrated on ethnic styles, abandoning the dramatic structured look which had put him on the fashion map, and disappointing many of his fans, says AP.

Japan's GNP grows

TOKYO, Mar 13: Japan's economy emerged from recession and grew by a modest 0.1 per cent in October-December from the previous economy, says AP.

Oil output may

total 26.83m tonnes

India's crude oil production is expected to total 26.834 million tonnes this fiscal year, short of the target of 28.464 million tonnes, fiscal year, reports AFP,

Russia to continue reform efforts regardless of fresh aid from the west

MOSCOW, Mar 13: Russia will continue its reform efforts, whether or not western countries agree new aid packages at meetings of the Group of Seven industrial countries. Russian Deputy Prime Minister Boris Fyodorov said, reports

"We will not stop (reforms) to wait for any decisions from the G7 whether we receive aid or not, "Fyodorov told a news conference. But it was clear that substantial western aid could case the path to reform, he added.

Fyodorov said he expected to attend a weekend meeting of Group of Seven (G7) officials in Hong Kong.

We have received an invitation to the meeting and we intend to participate in it," he

told a news conference. Fyodorov said Russia hoped to discuss several issues with O7 colleagues." "We have sent an unofficial memorandum to the G7 about the main directions of possible help to Russia in the current year," he said.

These are first of all debt repayments, and also social help to enterprises once monetary policy tightens, support to small business ... and support for conversion and the restructuring of military en-

likely to prepare the ground for a full G7 meeting which finance ministers will attend. It will also discuss issues to

be raised at the Tokyo world economic summit in July. which Russian President Boris Yeltsin is expected to join.

mit comes out with concrete results, but our reforms will not be based on that," Fyodorov The G7 comprises Britain,

Another report adds: The Russian government remains committed to economic reviorms, despite a humiliating

Borts Yeltsin, western diplo-

But continued reforms, aimed at replacing Russia's socialist system with a westernstyle market economy, will depend largely on the central bank and its chairman, former Soviet state bank Chief Viktor Gerashchenko.

"As long as Gerashchenki is around, reforms will be somewhat hampered because he insists of being under the control of parliament," one western diplomat said.

That means cheap credit,

Congress, dominated by conservatives and former communists, this week rejected Yeltsin's attempts to bring the free-spending central bank under the government's control

The bank currently reports to parliament, which is in turn appointed by the conservative

The chances of a deal be-

slim. But they became even more remote after Friday's rift between Congress and Yeltsin. The legislature's decisions will Rob-Yeltsin of key powers, unless he can overturn them in a controversial referendum due

next month. Yeltsin's reform team is led by 35-year-old economist Boris Fvodorov, a former Russian Finance Minister who worked at the World Bank and the European Bank for Reconstruction and Development before returning to Russia at the end of 1992.

'Fyodorov has an excellent programme, but he cannot do anything if the central bank does not go along with him. Even if the central bank goes along he cannot do anything if parliament spends too much money," a second diplomat

Fyodorov has described controlling inflation as the government's main goal and he wants tight monetary policies to achieve this aim.

He told a news conference

on Thursday that parliamen tary spending plans would double the state budget.

"Deputies' proposals would increase the Russian budget by 100 per cent ... of course kind Uncle Gerashchenko will be only too ready to print it," he

Gerashchenko, appointed by parliament in July, questions the link between money supply and inflation. He told Congress Russian moncy supply rosc 10.3 times in 1992, in line with people's rising in-

Diplomats said several issues would provide clues to Russia's commitment to future

Observers would be watch ing to see if the country increased the volume of credits offered to ailing firms or abandoned the current system of allowing the market to set the central bank rouble rate.

UK offers no money for Russian reform

Reuter adds from London: The British government said it

was worried about the political turmoil surrounding Russian President Boris Yeltsin's leadcrship but ruled out providing large new sums of money to back his economic reforms.

Foreign Secretary Douglas llurd said the government supported Yeltsin's attempts at political, democratic and economic reforms in Russia but he added it could not include putting huge sums of money

into a pocket with holes in it." Hurd was speaking in an interview with the British Broadcasting Corporation.

The Foreign Secretary would not directly predict the outcome of Yeltsin's power struggle with Ruslan Khasbulatov, Chairman of the Congress of People's Deputies. But he said, "I think myself we'll be hearing about Boris Yeltsin for some time to come."

Asked whether the British government was concerned about the situation, he replied, "it is worrying."

US won't reopen NAFTA

WASHINGTON, Mar 13: US trade representative Mickey Kantor said he would not reopen the North American Free Trade Agreement but will insist on side deals to strengthen enforcement of Mexican laws, reports Reuter.

"We will not reopen the NAPTA and we hope to see it enter into effect, as envisioned in the agreement, on January 1994," he told the House Ways and Means Subcommittee

on international trade. But we will pursue the supplemental agreements vigorously," he said, adding Congress will not be asked to vote on NAFTA until the side

agreements are negotiated. Kantor said the Clinton administration 'will not sacrifice substance for speed, and we will not ask you to vote on NAFTA implementing legislation until these negotiations result in full and effective agreements."

Next week US and Mexican negotiators will discuss accords on the environment. labour and import-surge protection.

US may retaliate against Europe in nasty trade disputes

Maastricht Treaty

WASHINGTON, Mar 13: US Trade Representative Mickey Kantor said Friday it is virtually certain the United States will retaliate against Europe in a nasty trade dispute involving government contracts, reports

Kantor told reporters that he had canceled a negotiating session planned for Monday and Tuesday with the 12-nation European Community because European officials had shown no flexibility on the is-

The administration last month announced it would bar European companies from bidding on federal government contracts beginning March 22 unless the dispute is resolved.

Kantor said today that "the ban will almost certainly go into effect" although he held out hope it could he lifted quickly if Europe agrees to US demands.

PARIS, Mar 13: French

Prime Minister Pierre

Beregovoy says the European

Community should help Britain

and Denmark to ratify the

Maastricht Treaty before con-

sidering any speeding up of

monetary union, reports

But in an interview pub-

lished by Le Monde, he said EC

partners could not wait forever

for Britain to make up its

mind, although it was impor-

tant that London remain

agreed with European

Commission President Jacques

Delors that an inner core of

seven EC states might create a

single currency ahead of the

union were derailed Britain

cold turn isolationist and

Germany might try to carve out

Major's efforts to get the treaty

ratified were set back in par-

liament this week and it may

now be delayed until late

Asked if European union

would be a source of polarisa-

tion after French elections on

March 21 and 28, Beregovoy

said the split in fact run

through the centre-right op-

position, forecast to win the

elections in a landslide. He

said it was up to the conserva-

tives to make a clear statement

A report from Santiago says:

European Community (EC)

commission President Jacques

summer at the earliest.

on European union.

British Prime Minister John

its own sphere of influence.

Beregovoy said if European

Beregovoy was asked if he

within the 12-country bloc.

The fight with the Europeans revolves around rules that the European Community put into effect on Jan 1 that give European companies an advantage over American firms in bidding on government contracts for telecommunications and elec-

trical equipment.

As his first action in office, Kantor put the Europeans on notice that if these regulations were not changed the administration planned to bar European companies from bidding on federal government utility and service contracts in the United States.

While only about 50 million dollar a year in European sales in the United States would be affected initially, the administration also is threatening to broaden the retaliation to cover as much as 500 million dollar in European products

Delors said the community

wanted to strengthen links

with Latin America.

and services sold to the federal government annually.

However, European officials have given no indication they are prepared to back down on the issue and instead have hinted they might counter-retaliate against US companies.

Asked about this possibility, Kantor said Friday he does not believe it would occur because 'I don't think it would be productive.

The fight over government procurement contracts is being watched closely for clues it may give on the new administration's general approach to

approach has already been condemned as protectionist by critics. But in a Feb 26 speech at American University, President Clinton said the United States wants to "compete, not retreat" behind

covered all areas, not just

trade, said Delors who has

been criticised by Chilean

protectionist barriers. He also said his administration will insist foreign markets be open to American businesses.

in first raising the possibility that European companies would be barred from bidding on federal contracts, Kantor had charged that the new EC rules would "prevent some of our most competitive companies" from selling telecommunications and power-gencrating equipment to government-owned enterprises in

When he announced the proposed ban Feb 1, Sir Leon Brittan immediately accused the administration of "bullying" tactics. However, at a meeting in Washington later in February, Kantor and Brittan had both expressed the hope the dispute could be resolved before the March 22 deadline for the US to retaliate.

Japan gives Brazil \$840m anti-pollution loans

BRASILIA, Mar 13: Japan and Brazil signed an agreement for 840 million dollar in Japanese loans for Brazilian anti-pollution projects, reports

The accord was signed by Foreign Minister Fernando Henrique Cardoso and Japanese Ambassador Yasushi Murazumi. It is the first antipollution loan made to Brazil by Japan's Overseas Economic Cooperation Fund.

The loan will help pay for three projects. One is a wastewater treatment system for Rio De Janeiro's Guanabara Bay basin, with Japan con tributing 270 million dollar. It is co-financed by the Inter American Development Bank.

The others are in Sao Paulo - a pollution and flood-control project for the Tiete River and a garbage in Cinerator.

The loan calls for pay back over 25 years at five per cent annual interest with a sevenyear grace period. The loan was discussed by Japan and Brazil during the United Nations environmental summit last year in Rio De Janeiro.

Signing the loan had been delayed because Japan was awaiting a new Bazilian accord with the International Monetary Fund. Japan decided to sign because Brazil had kept up it international reserves and was meeting its debt commitments.

More aid to Russia will be futile, says report

DONDON, Mar 13: Pouring further aid dollar into a nonfunctioning Russian economic system would be futile, says a report on the country by global strategist David Roche of US investment Bank Morgan Stanley International, reports Reuter.

There is little use for anything except specific aid that would alleviate human hardship or buttress strategic interests until the Russians work out who does what to whom," Roche said.

Roche says hyperinflation of 2,500 per cent and the breakdown of the political and economic systems have led sense of loss and humiliation among the Russian people.

Senior G7 finance officials began a meeting in Hong Kong where the problems of Russia are thought to be high on the agenda but the MSI report points out that aid can only work when order is restored and the economic system begins to function.

by 25 pc in February BEIJING, Mar 13: China's import and export volume in

February reached 12.29 billion US dollar, an increase of 25.2 per cent over the 1992 same period, reports Xinhua. According to customs statistics, export grew 17.1

per cent to 5.82 billion dollar and import jumped 33.4 per cent to 6.47 billion dollar. Major exports included garments, textiles, shoes, toys,

plastic products, TV sets.

sugar, tea and medicine and raw medicines. Among the major imports are rolled steel, textile machinery, vehicles and auto chassis, finished oil products, planes, copper, machine tools,

In the first two months of

this year, the countrys foreign

wool, iron ore and synthetic

trade volume totalled 18.86 billion dollar, 12 per cent more than the 1992 same pe-Reuter reports: China un-

veiled a comprehensive tax reform package which it says is simpler and easier to manage and monitor, according to the official China Daily. The reforms aimed to make

China's taxation system simpler, more rational in structure and more efficient to administrate, the newspaper quoted senior taxation official Jin Xin as saying.

The reforms, aimed at introducing tax policies similar to those of market-oriented economics, include readjustment of income and turnover taxes, value-added taxes on production and distribution, and enterprise income taxes.

Japan pressing Thailand for special status of its investors

China's foreign trade up

BANGKOK, Mar 13: Japan, a major trading partner of Thailand, is pressing the Thai government to provide special status, or national treatment, to Japanese investors who wish to do business in Thail-

and, reports Xinhua. Japanese officials have asked the That government to allow the Japanese investors to have more equity in the ser-

Japanese or other investors to uoka, head of service neing Thailand.

vice business.

Currently, the Thai government has limited the foreign ownership to 49 per cent in the service sector, according to local newspaper The Nation today.

We have stated that it should be more attractive for

come to Thailand if the Thai government allows more forcign ownership in the local companies," said Koji Tsurgotiations of Japan who is visit-

Suchai Jaovisidha, Deputy Permanent Secretary of the Commerce Ministry, who met Tsuruoka yesterday said that the Japanese trade negotiator also proposed that Thai and Japanese governments establish the bilateral treaty of amity to ensure Japanese citizens will be granted the same right as the local citizens in Thailand, and vice versa.

Investment in developing states advantageous

KUALA LUMPUR, Mar 13: Foreign investors tend to invest in countries with large and expanding markets, a World Bank study has found.

reports Xinhua. Between 1985 and 1991,

more than half of the foreign direct investment in the developing world went to countries with large markets -China, Mexico, Brazil, Argentina, Malaysia and Thailand, said a press release by the International Finance Corporation, the private sector arm of the World Bank.

Yesterday, investing in developing countries can be more advantageous than investing in industrialised countries, said the release available here yesterday.

The former can offer lower production cost and allow investors to create competitive

operations, it said.

The corporation also said that in the 47 developing countries studied, private investment between 1970 and 1991 increased by 16.34 per cent while public investment remained at a 10-year-low.

East Asia, especially Malaysia and Thailand, took the lead in attracting foreign investment, compared to other regions, the release said, adding that this is because East Asian economies pursue first rate macro-economic policies and have educated workers, among others.

To increase foreign investment significantly, the study believed, improvements in macro-economic conditions and the quality of institutions are essential along with an open export-oriented economy and a convertible currency.

Political reforms send shockwaves thru' HK stock market

market.

HONG KONG, Mar 13: Governor Chris Patten, frustrated by Beijing's stalling on his plan to extend democracy in Hong Kong before China's takeover in 1997, said Friday he was going ahead regardless, reports AFP.

But he added that Britain was still open to talks with China on political reforms, and he left open the date when the Jegislative council might start debating his reform package.

Patten's announcement sent shockwaves through the Hong Kong Stock Exchange, where 641 million US dollar was wiped off the value of shares, while a locally-based Chinese official said it smacked of British "insincerity."

in a goodwill gesture to Beijing, Patten had delayed official publication or "gazetting" of his proposals as draft legis-

lation by one month, in hopes that China might finally agree to talks on political reform.

But he told the legislative Friday that he could wait no longer if the changes are to be in place for elections scheduled for 1994 and 1995.

"Outstanding differences (with China over talks) have not been resolved," he said, adding that he could not go on deferring / gazetting "indefinitely."

"Having taken this decision,

we will have to judge, in the light of subsequent developments, when to introduce the draft legislation into the legislative council," he added. He failed to say when exactly that might be, but politi-

cal sources said it was a matter

of "days or weeks." Indicating

that Patten was leaving his op-

In the first Chinese reaction, a Deputy Director of Beijing's de facto consulate in Hong Kong said gazetting Patten's proposals would make

Hong Kong branch of the Xinhua news agency, added that Friday's developments were an act of "insincerity" on the part of the British foreign office.

But it was on the volatile stock market - in to which foreigners, hoping to cash in on China's economic boom, have poured billions in recent months - that the reaction was most dramatic.

"The market's worst fears have been realized," said Chris



Governor Chris Patten Malpass of Peregrine Brokerage. Many blue chips found no

buyers in what Alex Tang of Dao Heng securities described as a market gripped by panic. with investors fearful that China now will follow a more hostile line on Hong Kong.

Unless there is a breakthrough in diplomatic efforts to bring China back to the negotiating table the market will remain volatile, Tang said. For several days, both China

and Britain had said that only a few obstacles remained before talks on political reform - notably on Patten's plan to significantly enlarge the voting franchise - could start.

"We though may be there was a chance of getting somewhere," a political source, who spoke on condition of anonymity, said.

"But Friday, they appeared to be going back on things which they had already said. The gap appears to be growing The major stumbling block

appeared to be British demands for three Hong Kong officials to be part of a five member British negotiating team. Two of the three are Hong Kong Chinese.

In addition, Chinese officials on Friday suddenly raised objections about the joint announcement that would have declared the start of talks something that had already been long agreed to, the source said

In earlier statements China has demand that Britain with draw Patten's proposals before talks can start. It also insisted that London guarantee that any deal to come out of talks not be subject to legislative council approval.

\$ 102m US grain donation to Russia WASHINGTON, Mar 13: The

United States will donate 102 million dollar worth of wheat and rice to the Russian Federation and 19 million dollar worth of corn to Belarus, the Agriculture Department said Friday, reports AP from Washington The grain donations mean

Credit Corp will buy 520,000 metric tons of wheat, 200,000 metric tons of corn and 87,000 metric tons of rice from US growers. The donation "reaffirms the

the department's Commodity

United State's support for the democratic reforms that are taking part in Russia today," Agriculture Secretary Mike Espy said

by annual 0.5 pc

quarter an annual pace of 0.5 per cent, the Economic Planning Agency said Friday The slight rise followed a 1.6 per cent annualized downturn in July-September in Japan's gross national produet, its total output of goods and services. Agency officials said exports were largely responsible for the growth as feeble domestic demand continued to drag down the

NEW DELHI, Mar 13:

Minister of State for Petroleum Satish Sharma said Thursday. Sharma, answering questions in parliament, also said that India's bill for oil imports during the 1992-93 financial year was expected to hit 6.18 billion dollar, about one billion dollar more than the previous

terprises," he said.

The Hong Kong meeting is

"We will do everything possible to ensure that the sum-

Canada, France, Germany, Italy, Japan and the United

Congress defeat for President

which means inflation'

Congress

tween parliament and the government have always been

trade disputes. The hard-nosed bargaining

French PM for early ratification per cent compared to an aver-

age 11 per cent for EC products entering Chile. Delors said the EC had en-

-- Star TV photo

sured that Chile could export

more than 200,000 tonnes of

apples to the EC in 1993 de-

spite overproduction that had

forced the community to take

around 1 1/2 million tonnes of

home-grown apples out of the

burden of overproduction ... we

want to solve all problems by

cooperation but this means not

settling for a solution giving

"We have tried to share the



Westminster debating referendum on Maastricht Treaty Thursday. tween the two sides would commercial policy. Chile has in help overcome commercial particular been angered re-

frictions, he told a news con-Delors was speaking at the start of a Latin American tour that will take him to Argentina

and Mexico as well as Chile. The European Community has already reached cooperation agreements with various Latin American countries. This movement to closer cooperation must continue,"

Delors said.

trade restrictions, newspapers said on Friday. But Delors rejected criticism, saying the average level of customs duties for Chilean

cently by restrictions on apple

including Manuel Feliu, presi-

dential candidate for the right-

wing renovation National Party,

sent Delors a letter of protest

at what they said were EC

Some leading businessman,

exports to the community.

100 per cent to one and zero But increased cooperation goods entering the EC was two to another," Delors said.

> Sino-British talks impossible. Zheng Guoxiong, of the

> The Bellwether Hang Seng Indek, which set record high earlier this week, plunged 201.44 points or 3.14 per cent

from Thursday's close to finish