China-UK row sends HK stock plunging

HONG KONG, Mar 15: Panic selling triggered by the intensifying power struggle between China and Britain over Hong Kong sent the territory's stock market plunging more than six per cent in the opening fifteen minutes of trading Monday. The blueehtp Hang Seng Index tumbled 378 points or 6.1 per cent shortly after the market opened before recouping 139 points to stand at 5,931.66, or 3.9 per cent down, at 0.300 GMT. The drop, which had been expected, combined with Friday's fall of 201 points, or 3.2 per cent, to push the market to its lowest level in two weeks, reports

German bosses welcome new pact

BONN, Mar 15: German bosses yesterday welcomed the "wildarity pact" signed the previous day by Chancellor Helmut Kohl and regional government heads, an austerity package aimed at meeting the burgeoning costs of reunification. In particular the decision to delay the introduction of a so called solidarity tax until 1995 was approved by Hans Peter Stihl, President of the Assembly of Chambers of Commerce and Industry, Tyll Necker, head of the Federation of German Industry (BDI), and Llaus Murmann, President of the Employers' Federation, reports AFP.

Japanese favour commercial whaling

TORYO, Mar 15: A clear majority of Japanese favours a resumption of commercial whaling despite international campaigns to protect the mammals, according to a newspaper poll published today. The Asahi Shimbun said 54 per cent of more than 2,000 people surveyed thought Japan should ignore a worldwide ban on whaling, while 35 per cent wanted Japan to continue to observe the ban. Japan is the world's largest consumer of whalemeat, accounting for about 2,500 tonnes in 1991, reports Reuter.

Another rate cut in Japan urged TOKYO, Mar 15: Japan's

chemical industry called for another cut in the discount rate to help stimulate the deteriorating domestic economy, Ministry International Trade and Industry (MITI) officials said. Top executives of Japan's chemical industry made the request at a meeting with MITI Minister Yoshiro Mori. they said. They, quoted Mori as replying that he hopes the latest cut, made on February 4, will lead to reduced lend-

Taipei to liberalise wine imports

ing rates, reports Reuter.

TAIPEI, Mar 15: Taiwan will further liberalise its imports of wine, beer and spirits as part of its effort to join the General Agreement on Tariffs and Trade (GATT) trade officials said Sunday. Under the relaxed rules effective Monday, the Island will allow imports of alcoholic beverages from 122 foreign countries, most of them GATT members, the board of foreign trade of officials said reports AFP.

US dollar gains against yen

TOKYO, Mar 15: The US dollar finished higher against the Japanese yen Monday, while share prices edged higher in moderate trading. The dollar closed at 118.18 yen, up 0.33 yen from Friday's close and also higher than its Friday New York finish at 118.00 yen. After opening at 118.27 yen, it ranged between 118.18 yen and 118.50 yen. Haruhiko Hori, a dealer with Sakura Bank, said the dollar continued to benefit from increasing political instability in Russia, reports

UN assessing

Iraq's relief need

BAGHDAD, Mar 15: A United Nations team is in Iraq assessing its aid needs as part of efforts to renegotiate a relief agreement which expires at the end of the month, a senior UN official said. There is a (UN) mission in Iraq ... to assess the requirements for humanitarian assistance both for relief and rehabilitation," Mohamed Zejjari, UN coordinator in Baghdad told Reuter.

US, EC proposal to impose energy tax on oil

Gulf Arabs may retaliate with import taxes

JEDDAH, Mar 15: Kuwaiti Oil Minister Ali Ahmad Al-Baghli said on Sunday that Gulf Arab states should impose import taxes on the United States and the European Community if they slap on energy taxes, reports Reuter.

Baghli was talking to reporters after a meeting of the six oil ministers of the Gulf Cooperation Council (GCC) in Saudi Arabia's Red Sea port city of Jeddah to discuss joint oil projects and the impact of the proposed western energy

The meeting was held at night and ended early on Sunday to allow for daylight fasting during the Muslim holy month of Ramadan.

The OCC, whose countries control more than half the world's proven oil reserves, groups OPEC members Saudi Arabia, Qatar, Kuwait and the United Arab Emirates and the smaller independent producers Bahrain and Oman.

The ministers, with the OPEC members reasserting their commitment to the cartel's new production cut quotas, said they opposed the carbon tax.

In a statement they asserted their determination to protect their oil interests and the continued flow of that

basic commodity without any restrictions."

The statement did not refer to potential reprisals. But Baghli said special committees were set up to come up with recommendations when the ministers next meet in Oman in April.

> "We see that the American administration is serious in imposing the tax and the European countries are uniting their ranks to impose this tax to threaten our basic source of living," he said.

Asked what measures the Gulf Arabs could take if the carbon tax were imposed. Baghli said: "we impose taxes

on the imports of the countries that impose the carbon tax ... we should take one unffied and effective measure as Gulf countries."

The GCC, a political and economic alliance, is concerned that energy taxes proposed by the European Community and the United States will reverse a projected increase in oil demand and hit

Asked if the Gulf states would seek the support of other OPEC members to fight any carbon tax, Baghli said this would make any response more effective, but added.

"If we have to take the measures alone (as Gulf countries) then we will because oil is our only source of income."

The Gulf Arab members of the Organisation of Petroleum Exporting Countries (OPEC) reasserted their commitment to the cartel's production cuts that went into effect this month.

The ministers asserted the commitment of the Gulf Cooperation Council countries that are members in OPEC to the agreement and their confidence in the commitment of other member states to the quotas," the statement said.

The ministers, it added, "expressed their satisfaction with the improvement in the prices over the past weeks due to the February OPEC agree-

ment to cut production." OPEC cut oil production from March I in a so far successful bid to shore up weak off prices. Both OPEC and non-OPEC producers have maintained a close watch on oil production this week to pro-

tect price gains. Kuwait, stung by substantial production cuts, has said it would break its quota if others did. Some Kuwaiti parliament members have questioned continuing membership in OPEC.

Clinton ready to help storm victims of East Coast

WASHINGTON, Mar 15: The White House said it was ready to act quickly on states requests for help in the aftermath of the East Coast's worst winter storm of the century. says a Reuter report.

"We will act quickly upon request for assistance for the storm," Jeffrey Eller, a spokesman for President Clinton, said. He said Clinton had been speaking regularly with governors of affected states.

Fema is "operating round the clock in every state that's affected by the storm so far," Stephanopoulos said on the CISS programme "Face the na-

Blasts in Bombay throw fresh blow at India's economic reforms

BOMBAY, Mar 15: A wave of bombs has struck a fresh blow at India's bold economic reform programme and its commercial and financial nerve centre, Bombay, still reeling from Hindu-Muslim riots and a major securities scandal, reports Reuter.

"We were just recovering from the communal riots and now suddenly we are back to square one," Brij Mohan Lall Munjal, Chairman of motorcycle company Hero Honda, said

The series of powerful blasts within a space of two and half hours on Friday wrecked important landmarks in Bombay, killed 250 people, injured 1,200 and stunned the entire city of 12 million peo-

"What is really being attacked is the economy of India ... they have struck at the economic nerve centre of India," said Prime Minister P V Narasimha Rao during a visit to the city on Saturday.

The bombers, starting with the Bombay Stock Exchange (BSE), India's premier bourse, hit just as business was showing signs of getting back to normal after two brutal bouts of Hindu-Muslim violence in December and January that claimed nearly 2,000 lives nationwide.

The clashes were sparked off by the demolition of a mosque in northern India by Hindu militants, and Bombay where more than 700 died

mostly Muslims, was worst hit. For the Indian economy and its stock markets in par ticular, the past 18 months have been tumultuous.

the wide perception that it is politically weak, has ushered in the most far-reaching reforms since independence in 1947, reversing four decades of socialism and integrating the previously sheltered economy into the global trading environment.

In a rollercoaster year for the stock markets, shares rocketed to record high last April before slumping after discovery of a major securities

The bombs struck just as the BSE was in the midst of a drawn out war with the Securities and Exchange Board of India (SEBI), the main regulatory agency of India's turbulent capital markets.

SEBI, which wants to at tract foreign investment into the 22 stock exchanges, accused the BSE of being a private club run for the benefit of a few brokers.

Most businessmen, except for some big players on the stock markets, had viewed India's national budget announced on February 27 as the catalyst that would spur economic growth.

The budget announced substantial cuts in excise duties which, analysts said, would lead to a reduction in prices and consequently a rise in de-

'in six months, I-sec a picture of progress," securities analyst Vivek Parikh said soon after the budget.

But Friday's blasts completely altered the picture in the minds of some businessmen, though others thought it



BOMBAY: A policeman patrols before a bomb-damaged decorative statue outside central Dadar district's Plaza Cinema March 14 two days after a series of explosions rocked the metropolis, India's financial and commercial centre, killing more than 250 people. The government, sounding a nationwide alert, has called the acts part of an - AFP/UNB photo international conspiracy.

was only black end for a while. Rao's government, despite Li calls for brisk economic growth

BEIJING, Mar 15: Premier Li Peng on Monday gave a ringing endorsement for brisk economic growth fueled by capitalist-style reforms, saying nothing was more important to the world's last great Communist nation, reports AP.

"We must never allow ourselves to be distracted from economic development," Li told the opening session of China's legislature, the National People's Congress.

"All other work must be subordinated to and serve that central task."

As Li's work report shows, the 17-day congress will strongly endorse senior leader Deng Xiaoping's call to deepen his market-style reforms, which led to blistering 12.8 per cent growth of the economy last

The congress also will approve a new government lineup that will be dominated by members of the ruling Communist Party's top body, the seven- member Politburo Standing Committee. For the first time, no old revolutionaries from the Mao Tse-tung era are expected in key government

The personnel reshuffle, to be unveiled at the end of the congress, has been widely expected to help ensure power will smoothly pass to a new generation of Communist officials once Deng, who is 88 and ailing, dies.

The tone of Li's speech was a far cry from his cautious annual work report last year when he suggested a modest 6 per cent economic growth rate. This year, he said the average annual growth rate would increase to 8 per cent or 9 per cent and acknowledged it may even exceed that

Li, who is expected to receive another five-year term, still warned of the constant threat of inflation," a politically explosive issue which contributed to the dissatisfaction that led to the massive 1989 pro-democracy protests. Li was among conscrvative leaders

crush that movement.

He also acknowledged strains on China's transport facilities and shortages of energy, and he said the amount of bank credit had risen too fast. But Li did not suggest that those problems would force the government to sharply rein in the economy.

The premier, dressed in a conservative dark business suit as he spoke in the Great Hall of the People, also denounced leftism, urging the country to combat egalitarianism by allowing some individuals to grow rich first.

While the economy moves closer to the Western capitalist

who called in the army to China will cut civil servants by 25pc

BEIJING, Mar 15: China will steamline its bloated government structure over the next three years and reduce the number of civil servants by 25 per cent, Premier Li Peng said, reports Reuter.

Li, addressing the National People's Congress, said reforming the government was crucial if China was to meet the challenges of the market.

China will cut the number of ministries, commissions, organisations and offices directly under the State Council (cabinet) to 59 from the cur-

The number of ad-hoc or ganisations will be cut to 26 from 85, Li said.

He said the number of government employees at all levels would be reduced by 25

The Premier did not make clear all the staff would be cut during the three-year restructuring of government.

model, i gave no indication that China is interested in political reform that would bring it closer to Western-style democracies.

In the nationally televised speech, Li also:

- Warned that China, the world's most populous nation with nearly 1.2 billion people, was in the midst of a baby boom. 'It is more and more difficult for us to control population growth' with a market economy that encourages migrant work forces which are difficult to monitor.

- Gave a green light to the sale of some small government-owned enterprises to individuals through public bidding, implicity recognizing that the state has plenty to learn from the flourishing private sector.

- Proposed streamlining the government, which he acknowledged was overstuffed and inefficient. He said government employees would be reduced by one-fourth.

- Called for a crackdown on corruption, but offered no new policies. The 2,978 delegates to the

8th five-year congress will discuss Li's report before approving it at the end of the congress. Although the congress does not operate independently of the Communist Party, last year it amended Li's annual report to make it more reflective of Deng's policies.

Japan to lend El Salvador \$90m for uplift

TOKYO, Mar 15: Japan will lend about 90 million dollar to El Salvador to help repair infrastructure battered by civil war, a Japanese Foreign Ministry official said today, reports Reuter.

The yen loan, the first by Tokyo to El Salvador in 18 years, was aimed at repairing power plants in the central American nation, he said.

"Japan wants to support central America as much as possible, if the aim is to boost the nations and human resources," the official quoted Foreign Minister Michio Watanabe as telling officials from the region.

El Salvador Foreign Minister Mauel Pacas Castro and ministers from other central American nations are here for a two-day conference of building democracy and economic growth in that region. The conference began today.

Watanabe and Pacas will sign an agreement on the loan later this week.

Anti-reform govt in Russia may hit disarmament

WASHINGTON, Mar 15: An anti-reform government in Russian could affect disarmament treaties and necessitate increased defense spending of billions of dollar, Secretary of Defense Les Aspin said Sunday, reports AP.

Aspin, speaking on NBC's "Meet the Press," said there was "no question" that future US defense spending depended on the outcome of the current showdown between Presider t Boris Yeltsin and Russia's conservative parlia-

Aspin said control of nuclear weapons was not an issue in the power struggle between Yeltsin and the congress.

But he said "whether the reformers ultimately triumph or reactionaries triumph here* could affect the START disarmament treaties, and US foreign and defense policies.

Aspin said he did not know the Russian parliament's stance on the START treaties to cut US and Russian nuclear arsenals over the coming decade.

He said the question on foreign policy was: "Do we have a government in Russia that has a cooperative foreign policy with the United States in places like Bosnia and Iraq and others" or one that reverts to the Cold War model of opposition and blocking things at the United Nations.'

Asked if the Clinton administration was advising Yeltsin to declare presidential rule, Aspin said "we've not been asked and we have not volunteered any advice."

Former Secretary of State Henry Kissinger, appearing on ABC's "This Week with David Brinkley Sunday," predicted that the battle between the reformist Yeltsin and the parliament, filled with many former Communists, 'is a struggle for power that will go on for some time."

Australian dollar, share tumble as Keating wins

SYDNEY, Mar 15: The Australian dollar as well as share and bond prices tumbled on Monday as financial markets absorbed Prime Minister Paul Keating's surprise victory at Saturday's national election. reports Reuter.

Markets expected a win by the conservative coalition, which had campaigned promising dramatic tax and industrial relations reform and anti- inflation policies. It also planned to introduce a goods and services tax.

Some dealers said Keating's victory brought an end to political uncertainty and was posttive for the markets.

But others who had expected a win by opposition leader John Hewson's coalition said Keating's return to office, which meant less tringent policies on inflation and tax reform, unsettled markets and caused some aggressive selling. Markets were expecting

rates, now around 5.75 per On the share market, the all ordinaries index plummeted almost 48 points, or 2.8 per

another cut in official interest

had recovered to 1623.3 by 0200 GMT. "It's trending south at this stage," a broker said. But an-

cent, to a low of 1613.8, but

other said the fall was an overreaction and he expected the market to end the day only 15 to 20 points down.

"I'm surprised at the fall because I thought there would be an advantage with labour promising to lower (company) tax rates to 33 per cent (from 39)," he said.

The Australian dollar opened more than one US cent lower at US 0.7006/11 dollar from 0.7112/17 dollar at New York's close on Friday but later recovered to 0.7033/38 dollar at around 0200 GMT.

Dealers said the sell-off. which began in early New Zealand trade, could continue, but that a rally later in Australia trade may see it grind up towards last week's higher

Demand was creating a base around 0.7000 dollar, they

"We have had a 100-point drop from the New York close so the momentum is down, said one technical analyst.

Labour has been in government for 10 years and latest counting suggests it has matched its previous outright majority of four seats with a total of 77 labour expects to finish up with as much as a nineseat majority.

Clinton firm to support Yeltsin's reform efforts

WASHINGTON, Mar 15: President Clinton firmly supports Russian President Boris Yeltsin's reform and does not expect challenges to the Russian leader's authority to delay next month's summit, his chief spokesman said, reports Reuter.

Clinton, who has called for more aggressive western backing for Yeltsin, pans to hold two days of talks with the Russian leader April 3 and 4 in Vancouver, Canada.

George Stephanopoulos, the White House Communications Director, said he did not expect the current power struggle between Yeltsin and Russia's conservative Congress would force a change in the timing of the summit.

Asked if their would be a delay in the summit, Stephanopoulos replied, "I don't think so. The summit with President Yeltsin is set for

April 3rd and 4th and we expect to go."

There has been mounting speculation that the talks might be postponed because of moves by the Congress of People's Deputies to severely limit Yeltsin's political authority - thereby under cutting his reform efforts.

Clinton "remains firm in his commitment to help the reform process, to help the process of democratic and economic reforms in Russia," the presidential spokesman said on the CBS programme "Face the nation."

He stressed that Clinton "supports President Yeltsin — The only Russian leader, in all of Russia's history, who was elected in democratic and free elections."

"He continues to support President Yeltsin and the process of reform," Stephanopoulos said.

IDB investment fund's profit drops due to exchange rate fluctuation

MANAMA, Mar 15: An investment fund owned buy the 47-member Islamic Development Fund (IDB) said 1992 net profit dropped 4.7 per cent retained earning from 1991 due to exchange rate fluctuations, reports Reuter. The IDB Unit Investment

Fund said in a statement it posted 7.37 million profit in 1992 compared with 13.32 million US dollar in 1991.

"The year 1992 witnesses the adverse impact of ex-

foreign investment firm was

change fluctuations on the income of the fund in its full measure," the statement said. It said in addition to 1992,

and 1990 profits provided an-

other 7.57 million, making a

total amount of 14.94 million available for distribution. The fund would distribute a seven million interim dividend for 1992 to unit-holders, the

statement said. The units were sold at one dollar each. It also said IDB board of di rectors had agreed to double the size of the fund "to cater to

the growing demand by in-

The IDB has taken yet an

Eighteen institutions from eight countries including two non IDB member states own the fund, which started operations in January 1990.

vestors."

other initiative in the interest of the investors by extending the counter guarantee pro-

vided to assets transferred from IDB portfolio to cover all the assets of the fund including those acquired directly," it said. The IDB was set up in 1975 to promote trade exchanges between Islamic states. In compliance with Islamic sharta law which bans usury, the IDB does not take interest on credits extended

Russian political instability strengthens dollar in Asia HONG KONG, Mar 15: The 116.30 just two days earlier. Malaysian ringgit: The ring-Dealers said reports that a

US dollar gained against key Russia, reports AFP.

Uncertainty ahead of general elections in Australia this past Saturday reined in both the Australian and New Zealand dollars against the US Trade was slim in Smaller

Asian Markets, where the US dollar ended mixed. Japanese yen: News of Russian President Boris Yeltsin's weakening grip on power at home pressured the yen on Thursday to 118.36 against the dollar from the week's high of Dealers said the yen re-

the dollar, only marginally softer that its 117.50 start on Monday.

Singapore dollar: The Singapore dollar firmed fractionally against the US dollar to 1.6500 to the US unit on Friday compare with 1.6505 a weck earlier. Dealers said demand was ultra-light.

The Singapore dollar rose to 2.3863 against sterling from 2.4100 the previous week, and to 1.3980 against the yen from 1.4030

carlier in slim trade.

mark, at 1.5654 from 1.5872 previously. Australian dollar: The Australian dollar was more resilient than expected the week

ahead of national elections,

dealers said. It slid to 70.58

US cent on Friday from 71.22

the previous week. Investors spent the latter part of the week covering short positions on the belief that the conservative opposition would win general elections on Saturday. In a surprise upset, the Labour Party won a

Dealers said they expected further on the election result, since the domestic unit's better-than-expected performance stemmed from the market belief that a Conservative victory was imminent. On the central Reserve

Bank's trade-weighted index, the Australian dollar finished at 53.5 points from 53.6 the previous week. New Zealand dollar: The New Zealand dollar closed at 52.65 US cents Friday, up

from 52.55 cent a week car-

lier, but slightly below the

trend for the week. Investors were awaiting elections in Australia, and kept mostly to the sidelines, dealers

against the US dollar, slipping back to 7.7355-7.365 from 7.7340-7.7341 a week ago. The local unit has been pegged at 7.8 to the Greenback since 1983. The effective exchange rate index for the Hong Kong dollar stood at 114.1 on Friday, up from 113.7 the previous

Hong Kong dollar: The

Taiwan dollar: The Taiwan dollar fell to 25.9815 a US dollar on Friday, down 12.45 Taiwan cent from the previous week's finish of 25.857

South Korean won: The won fell marginally against the dol lar after two straight weeks of gains to 793.70 on Friday from 793.40 the previous week

Hong Kong dollar weakened about to sell 100 million dollar worth of won on the foreign exchange market pared the Korean unit. Indonesian rupiah: The Indonesian currency softened

against the dollar to close on Friday at 2,069 rupiah, or two points lower than 2,067 a week earlier. Thai baht: The Thai baht ended the week at an official mid-rate of 25.45 to one US

dollar, compared with last week's finish of 25.40.

earlier.

Philippine peso: The Philippine peso weakened to 25.325 to the dollar on Friday compared with 25.283 a week

to its members.

git ended the week higher Asian currencies this past bounded on Friday as investors against the US dollar, at the Australian dollar to soften adjusted long dollar positions. week, as investors in the re-2.6060 from 2.6125 a week gion sought a safe haven for The yen was largely stable their money amid sings of on the week, however. It The ringgit also closed growing political instability in ended on Friday at 117.85 to higher against the German