

Business

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-Baghlil 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.

fasting during the Muslim holy month of Ramadan. The GCC, 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.

basic commodity without any restrictions. The statement did not refer to potential reprisals. But Baghlil said special committees were set up to come up with recommendations when the ministers next meet in Oman in April.

"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, it added, "expressed their satisfaction with the improvement in the prices over the past weeks due to the February OPEC agreement to cut production."

OPEC cut oil production from March 1 in a so far successful bid to shore up weak oil prices. Both OPEC and non-OPEC producers have maintained a close watch on oil production this week to protect price gains.

BRIEFS

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.

German bosses welcome new pact

BONN, Mar 15: German bosses yesterday welcomed the "solidarity pact" signed the previous day by Chancellor Helmut Kohl and regional government heads, an austerity package aimed at meeting the burgeoning costs of reunification.

Japanese favour commercial whaling

TOKYO, 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.

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.

Taipei to liberalise wine imports

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.

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.

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.

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 Lal 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 people.

"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 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 scandal.

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 attract foreign investment into the 22 stock exchanges, accused the BSE of being a private club run for the benefit of a few brokers.



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 international conspiracy.

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 Manuel Pineda Castro said 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.

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 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 positive 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 stringent policies on inflation and tax reform, unsettled markets and caused some aggressive selling.

Markets were expecting another cut in official interest rates, now around 5.75 per cent. On the share market, the all ordinaries index plummeted almost 48 points, or 2.8 per cent, to a low of 1613.8, but had recovered to 1623.3 by 0200 GMT.

other said the fall was an over-reaction 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 levels. Demand was creating a base around 0.7000 dollar, they said. "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 nine-seat 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, plans 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.

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 year. 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 posts.

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 rate.

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 conservative leaders who called in the army to crush that movement.

Li 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 model, Li 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, implicitly recognizing that the state has plenty to learn from the flourishing private sector.

Proposed streamlining the government, which he acknowledged was overstaffed 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.

China will streamline 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 current 86.

The number of ad-hoc organisations will be cut to 26 from 85, Li said. He said the number of government employees at all levels would be reduced by 25 per cent. The Premier did not make clear all the staff would be cut during the three-year restructuring of government.

Russian political instability strengthens dollar in Asia

HONG KONG, Mar 15: The US dollar gained against key Asian currencies this past week, as investors in the region sought a safe haven for their money amid signs of growing political instability in Russia, reports AP.

Uncertainty ahead of general elections in Australia this past Saturday reined in both the Australian and New Zealand dollars against the US unit. 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 116.30 just two days earlier.

Dealers said the yen rebounded on Friday as investors adjusted long dollar positions. The yen was largely stable on the week, however. It ended on Friday at 117.85 to the dollar, only marginally softer than 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 week earlier. Dealers said demand was ultra-high.

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 record fifth term. Dealers said they expected the Australian dollar to soften 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 earlier, but slightly below the trend for the week. Investors were awaiting elections in Australia, and kept mostly to the sidelines, dealers said.

Hong Kong dollar: The Hong Kong dollar weakened 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 week. 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 dollar after two straight weeks of gains to 793.70 on Friday from 793.40 the previous week.

Dealers said reports that a foreign investment firm was 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. Philippine peso: The Philippine peso weakened to 25.325 to the dollar on Friday compared with 25.283 a week earlier.

change fluctuations on the income of the fund in its full measure," the statement said. It said in addition to 1992, retained earnings from 1991 and 1990 profits provided another 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 directors had agreed to double the size of the fund "to cater to the growing demand by investors."

Eighteen institutions from eight countries including two non-IDB member states own the fund, which started operations in January 1990. The IDB has taken yet another initiative in the interest of the investors by extending the counter guarantee provided 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 sharia law which bans usury, the IDB does not take interest on credits extended to its members.