

BRIEFS

No currency talk at G-7 summit

TOKYO, Apr 7: Japan's Finance Minister Yoshio Hayashi on Tuesday ruled out currency talks during a meeting of Group of Seven (G-7) foreign and finance ministers in Tokyo next week to discuss aid to Russia. "Since it is a meeting of foreign and finance ministers together, I think it will concentrate only on the Russian issue," Hayashi told a news conference. Hayashi said it would be better to leave the issue of exchange rates, including the yen's recent surge, report AFP.

Rouble plunges to record low

MOSCOW, Apr 7: The rouble dropped to a record low of 712 to the dollar on the Moscow Interbank currency exchange from 692 at the previous trading session on Thursday. It was the first time the currency — under pressure all year — had weakened to more than 700 to the dollar. The rouble traded at around 650 to the dollar a month ago and around 415 at the start of the year. Several former Soviet republics have abandoned the rouble but the currency is still used in many states, reports Reuters.

Zambian opposition demands price control

LUSAKA, Apr 7: A Zambian opposition party chief Monday urged the government to tackle real issues of high prices, poor roads and lack of medicines in the country, instead of detaining innocent people. President of the United National Independence Party (UNIP) Kebby Musokotwane told a rally in Kasama, northern Zambia that no amount of intimidation can stop him from telling the people the economic problems the present government has brought into the country since it assumed power about 18 months ago, writes Xinhua.

India seeks joint venture to tap oil

NEW DELHI, Apr 7: The state-run Oil India Ltd (OIL) is looking for a joint venture partner to tap oil reserves in the northwestern state of Rajasthan, the Press Trust of India (PTI) reported here. Oil Chairman BC Bora told PTI geological studies had indicated the presence of eight million tonnes of heavy oil in the Bheekampur area of Rajasthan. Of this, two million tonnes would be recoverable in the near future, he said, reports AFP.

China to buy US cars, planes

BEIJING, Apr 7: A Chinese mission will be leaving for the United States on Tuesday to shop for cars and aircraft in what appeared to be a move to placate Washington. The mission is led by State Planning Commission Vice Minister Gan Ziyu. June 3 is the deadline for US President BILL Clinton to grant or deny a one-year extension of China's Most Favoured Nation (MFN) trade status. Gan will meet US aircraft makers and "big three" car makers General Motors Corp (GMN) Ford Motor Co (FN) and Chrysler Corp (CN), reports reuter.

Pindi gives relief to Bosnian people

Islamabad, Apr 7: The Pakistani government will provide 25,000 kgs of goods to the Bosnian people, it was learnt here yesterday. The goods which were handed over to Bosnian Ambassador to Pakistan Sadzida Stajdzic here yesterday includes medicines, baby food, milk powder, biscuits and 4,000 blankets. The relief consignment was arranged on the advice of the UN High Commissioner for Refugees and the US European command coordinating the air-drop operation, reports Xinhua.

Rupiah steady against US dollar

JAKARTA, Apr 7: The rupiah was steady against the dollar in thin morning trade, dealers said. "There are not many interbank transactions taking place in the morning. Many banks seem to have enough liquidity," a dealer with a major state bank said, adding that overnight rupiah interbank rates stayed at around 12 per cent, reports Reuter.

Full convertibility of rupee won't bring more opportune for Nepal

KATHMANDU: Taking advantage of improving balance of payments and a rising foreign exchange reserve, Nepal announced that its currency is fully convertible in the current accounts effective February. The announcement is part of the policy of Prime Minister Gijra Prasad Koirala's government to liberalise the economy and deregulate state controls to boost trade and commerce. As a result of free-market policies, the balance of payments has improved, the foreign exchange reserves have soared to 500 million US dollar (good for nine months of imports), and even inflation is down from 22 per cent last year to 8.3 per cent now. The decision to go for full convertibility would not have been more opportune than now, Finance Ministry officials said. Despite reports that a

substantial capital flight took place across the border on the eve of the announcement for full convertibility, trade and industry leaders have welcomed the move as a step forward to rejuvenate the economy. The influential Nepal-German Chamber of Commerce and Industry, welcoming the decision, cautioned that proper care be taken to preclude a possibility of manipulation of exchange rates by bank cartels. It said it may be possible that the cost of local products based on imported raw materials may go up, rendering Nepal products uncompetitive against, say, Indian products. The full impact of the new policy on trade and commerce will be known only after some time as the new rates are believed to favour overseas exports rather than to India,

Nepal's largest trading partner. The new system ends the partial convertibility introduced in March 1992 following similar changes in India. Koirala's democratic socialist government in July 1991 devalued the Nepali rupee by 20.9 per cent against the US dollar and 1.79 per cent against the Indian rupee. That followed India's decision two days earlier to devalue her currency by a sharp 23.1 per cent. Following the current changes, the value of the US dollar and major European currencies went up with the dollar rising from 42 rupee before to 49 rupee after the announcement. The India rupee, on the other hand, was devalued by 3 per cent against the Nepali currency. The Indian rupee is outside the open market with its rates fixed by the Nepal Rashtira

Bank (central bank) on a permanent basis. Some economists question the rationale of fixing the exchange rate of the Nepali rupee with the Indian rupee. The fixed rate between Nepali and Indian currencies, they argue, was justified so long as 90 per cent of Nepal's trade was with India in the 1960s and 1970s. This share has now declined to about 50 per cent, with Europe and the United States emerging as Nepal's other major trading partners for products like ready-made garments and wool carpets. The pegging of the Nepali rupee to the Indian rupee hinders Nepal's freedom to pursue an independent fiscal and monetary policy, and prevents the Nepali rupee from showing its real strength, critics say. One immediate effect of Nepal's decision to go for full convertibility is the rise in the prices of commodities such as

imported petroleum products, fertilizer and industrial machinery. These goods were imported before at the official rate of exchange which were cheaper than the open market rate. However, gold and silver will be cheaper. Under the new regulation, Nepal's having spent more than a month abroad can import up to 10 kilograms of gold and 150 kilograms of silver. All they have to do is produce their sources of foreign exchange earnings and pay a five per cent customs duty on such imports. Sales tax need not be paid. The government has also reduced the customs, excise and sales tax rates by about 50 per cent to help Nepali goods compete with Indian goods which are now cheaper by three per cent.—Depthnews Asia

Arab League chief tries to head off tougher sanctions against Libya

UNITED NATIONS, Apr 7: Arab League Secretary-General Ahmed Esmat Abdel Maguid conferred with permanent members of the Security Council on Tuesday to head off any tightening of sanctions against Libya, reports Reuter. "Our main objective is to avoid an escalation of the sanctions, for the time being," he told Reuters, referring to a 120-day review of the year of curbs due on Thursday. The sanctions were imposed after Libya failed to surrender for trial two men indicted in Britain and the United States for involvement in the 1988 bombing of a Pan Am jet over Lockerbie, Scotland, in which 270 people died. Libya has also failed to cooperate fully with a French inquiry into the mid-air bombing of UTA flight 772 over Niger in 1989 in which all 171 people aboard were killed. US Secretary of State Warren Christopher told a Senate committee in Washington last week that "the time has come to stiffen the embargo against Libya."

They raised the possibility of an oil embargo but the State Department later softened this, saying it might ask for a ban on the sale of oil technology and equipment. On Tuesday President Clinton, at a joint news conference with Egyptian President Hosni Mubarak, said "it's inevitable that we will press for tougher sanctions if the government of Libya does not release the people that have been charged." He did not say what sanctions Washington might push for. Abdel Maguid, after a joint meeting with the UN representatives of the United States, Britain and France, and a separate meeting with Russian UN envoy, declined to say how the ambassador had reacted. They also offered no substantive comment. The Arab League chief conferred on Monday with the representatives of China and Venezuela, and with council president Jamsheed Marker of Pakistan. Abdel Maguid said he would see all 15 council members before returning to Cairo on Thursday. The sanctions against Libya, adopted on March 31, 1992, went into force on April 15. They involve the severing by all countries of air links with Libya, a halt to the supply of weapons, military equipment of expertise, and a reduction in diplomatic ties.

India's top policy-making body endorses austerity measures

NEW DELHI, Apr 7: India's top policy-making body, the National Development Council (NDC), has endorsed sweeping austerity measures aimed at trimming government expenditure including a freeze on pay hikes and bonuses, reports AFP. But Prime Minister PV Narasimha Rao's government put the measures into hold saying it needed to consult representatives of political parties and trade unions to evolve a 'national consensus' on the potentially explosive issue. Commerce Minister Pranab Mukherjee said the NDC, which comprises representa-

tives of India's 25 states who met here Monday, had generally endorsed the sweeping measures recommended by a committee to cut spending. The measures included a year's freeze on an inflation-related allowance paid to government employees, annual bonus and pay hikes. The committee called for a halt to leave travel concessions and urged a review of subsidies in such areas as electricity tariffs. Mukherjee said a panel will be formed to make state electricity boards, traditionally steeped in red ink, economically viable by recasting tariffs and improving efficiency.

The NDC has said that a freeze on a variable dearness allowance—subject to a rise and fall in the inflation level—was vital to stem burgeoning expenditure. The allowance alone would cost the exchequer an extra 13.33 billion dollar in the five-year eighth plan period from 1992-1997, it said. In his speech to the NDC, Prime Minister Rao said the figure was mindboggling. "It baffles me and I am sure it will baffle anyone..." He said India would soon reach a stage where all government resources would go to just pay the salaries of its employees. "I really don't

know how... this country can prosper with this kind of horrendous situation staring us in the face." Rao suggested an end to electricity subsidies for the farm sector and handing over power distribution to the private sector and rural cooperatives. Several state governments urged the central government to take the lead in trimming spending and highlighted the need for relief from inflation before austerity measures could be imposed. Finance Minister Manmohan Singh appealed to state administrations not to resort to overdrafts from the central bank.

Developing Asian countries' exports up by 13.8 pc

WASHINGTON, Apr 7: Exports from developing Asian countries were up 13.8 per cent in the fourth quarter of 1992 compared to the same period a year earlier, according to International Monetary Fund figures released this week, reports AFP. The exports totalled 162.1 billion dollar, up from 142.4 billion dollar in the fourth quarter of 1991, partially reflecting currency changes, the IMF said. Among the region's largest trading economies, Hong Kong's exports rose 18.3 per cent to 33.5 billion dollar, and China's exports were up 17.3 per cent to 28.3 billion dollar. Exports from Singapore rose 16.3 per cent to 17.4 billion dollar, while Korean exports declined 1.1 per cent to 20.8 billion dollar. China's imports grew 30 per cent in the period to 26 billion dollar. Singapore's imports jumped 22.9 per cent to 20.4 billion dollar and Hong Kong's rose 22.7 per cent to 34.3 billion dollar. Imports to Korea fell 3.6 per cent to 20.5 billion dollar.

Malaysia plans massive trade increase with Iran

TEHRAN, Apr 7: Malaysian Prime Minister Mahathir Mohamad, at the end of a four-day visit to Iran, said yesterday the two Muslim countries planned a massive increase in trade, reports AFP. In a joint press conference with Vice President Hassan Habib, he said Kuala Lumpur and Tehran had reached a wide range of economic, political and cultural accords. "The volume of trade between our two countries may soon reach 300 million dollar," he said, compared to a modest 61.3 million dollar in 1991. Iran will sell food, gold, marble and copper, and import Malaysian palm oil. The two countries also discussed the potential for joint public and private investment in energy, construction and tourism, mainly on the free-trade zone of Geshm island in the southern Gulf. Mahathir, who arrived on Saturday accompanied by several ministers and around 50 businessmen, was the first Malaysian head of state to visit Iran.

They raised the possibility of setting up an Islamic tourist agency. "There are no major political differences between our two countries," Mahathir told reporters before heading for Geshm to study the island's investment potential. He described the Armenian offensive against Azerbaijan as unacceptable and called for a unified Islamic response to the plight of Muslims in Bosnia-Herzegovina. Referring to Iran's death sentence against the British author Salman Rushdie, the Prime Minister said, "we have to stress on issues which would unite us, not those which could divide us."



ISLAMABAD: Pakistan Minister of State for Foreign Affairs Siddique Kanju (L) greets Russian Foreign Minister Andrei Kozyrev (R) upon his arrival in Islamabad on April 6. Kozyrev's three day visit aimed at strengthening bilateral relations between the two countries, is the first by a Russian official since the collapse of the Soviet Union. Relations between the two countries were tense during the Soviet invasion of Afghanistan, with Pakistan backing the Mujahedeen. — Photo AFP/UNB

India to cut governmental staff by 10 pc

NEW DELHI, Apr 7: The number of staff employed in the central and state governments of India would have to be reduced by at least 10 per cent during the Eighth Five-Year Plan period ending 1997, senior Indian official said here, reports Xinhua.

Addressing the 45th meeting of the National Development Council in the capital, deputy chairman of the planning commission Pranab Mukherjee stressed the need for cutting expenditure on the government employees.

He said an additional 400 billion rupee or 12.5 billion US dollar would be needed for paying salaries for the states government employees during the period if the existing periodic dearness allowance increase formula continued.

But so far the availability of such resources is nowhere in sight, he complained.

IDB okays \$124m aid projects for Asia

ISLAMABAD, Apr 7: The Islamic Development Bank (IDB) approved aid projects worth 124 million dollar, including 64.5 million dollar for development projects in Pakistan, reports Reuter.

Loans to Pakistan could include 15 million dollar for imports of oil from Saudi Arabia, 5.0 million dollar to a rural development project, 24.5 million dollar to a textile group and 20 million dollar for imports of fertilizers, bank President Ahmad Mohamad Ali said after a board meeting in Islamabad.

Among the projects totalling 124 million dollar was a 15 million dollar grant for exports of cotton from Uzbekistan to Indonesia.

IDB decided to grant 9.7 million for a feeder road project in Bangladesh, 6.8 million dollar for a hospital in Bandung in Indonesia, 17.4 million dollar for an electricity project in Algeria and 9.54 million for a road project in Sudan.

The Jeddah-based bank is also considering financing a road linking Pakistan with Tajikistan via Afghanistan and has allocated funds to build a road between Iran and Turkmenistan, from Ashkhabad to the Iranian border.

Yeltsin can expect substantial aid from G7 countries

TOKYO, Apr 7: Russian President Boris Yeltsin, battling to save his free-market reforms and his job, can expect substantial aid from the Group of Seven (G7) industrialised countries, Japanese officials said on Tuesday, reports Reuter. Finance Minister Yoshiro Hayashi and a senior foreign ministry official said an aid plan was being prepared for a meeting of G7 finance and foreign ministers in Tokyo on April 14 and 15. "We are hoping to unveil considerable results at the ministerial meeting," Hayashi said. Japan, hosting the next annual summit of G7 leaders in

July, agreed under pressure to call a ministerial meeting on Russian aid to shore up Yeltsin's tenuous hold on power. The G7 groups Japan with Britain, Canada, France, Germany, Italy and the United States. US President Bill Clinton set the stage for increased aid to Russia in a weekend summit with Yeltsin in Vancouver, Canada. Clinton pledged 1.6 billion dollar in aid that will go towards Russian grain imports, humanitarian and arms control projects, democratic reforms and trade credits and investment. He also made it clear at the

meeting that he expected other G7 members to do more to help Russia. Although Japanese officials refuse to disclose details of a spending aid package, government sources quoted by newspapers said it would total 30 billion dollar. That figure was first floated by US officials at the summit. Foreign ministry spokesman Masamichi Hanabusa said the package would be substantial but declined to elaborate. He would not say if Japan was for the first time considering bilateral, non-humanitarian aid. "As Chairman of G7, we would like to have a successful meeting that will live up to ex-

pectations," he told a separate news conference. Last year Japan pledged 2.75 billion dollar as its share of a G7 aid package for Russia worth 24 billion dollar. This year it is expected to contribute over one billion dollar, press reports said. Hanabusa pointed out that aid was multilateral and did not reflect a softening of Japan's longstanding policy. "We still take the position that substantial bilateral assistance from Japan would require movement on the territorial issue... if we want to expand relations this must be pursued."

French farmer's union accuses govt of betrayal

PARIS, Apr 7: A militant farmers' group accused France's new conservative government of betrayal on Tuesday and warned it against selling out agriculture in world trade talks, reports Reuter. Prime Minister Edouard Balladur and key cabinet ministers discussed the Ultra-sensitive farm trade issue on Tuesday and set a timetable for putting a new French position to the European Community by the beginning of June. But in remarks likely to irk farmers, Balladur's office stressed agriculture was just one part of the trade negotiations and said Foreign Minister Alain Juppe had been instructed to propose ways "to

reach a trade peace with the United States." Coordination Rurale, which has staged the most spectacular protests in the last year, was not invited to the first meeting of farmers' leaders with Balladur on Tuesday. "The new government has stabbed us in the back," Philippe Arnaud, secretary general of Coordination Rurale, told Reuters. "Those who courted us during the campaign are ignoring us today." The centre-right government which took office last week has rejected a US-European Community farm deal worked out last year, that

was aimed at unblocking world trade talks under the general agreement on tariffs and trade. But it has adopted a moderate tone and not repeated campaign threats to veto the US-EC deal at the first opportunity. Gaullist leader Jacques Chirac said during the campaign that France should trigger an EC crisis if necessary to block a GATT agreement counter to its agricultural interests. Arnaud said his movement feared the new government "will change its colours" in power. The previous socialist government, which always refused to talk to Coordination Rurale,

also rejected the US-EC accord. But it delayed a decision to veto it until a global GATT agreement covering industrial goods, services such as banking and telecommunications, and intellectual property, and was presented to EC ministers. When EC ministers met on Monday, EC trade commissioner Leon Brittan called the new Paris team's stance 'very moderate'. Arnaud said that during the campaign centre-right leader Valery Giscard d'Estaing had denounced the US-EC farm deal and promised to demand that reforms in the EC's common agricultural policy agreed

last year be renegotiated. "Now he's not saying anything," Arnaud said. The US-EC agreement, hammered out last November, called for deep cuts in EC farm subsidised and a reduction of seed cultivation in the community. France has said the deal would require even more sacrifices from its farmers than agreed in the EC farm reform last year. Juppe appeared to acknowledge there was no going back on the farm reform when he said on Monday: "there can be no question for us of accepting sacrifices that would go beyond the 1992 reform of the common agricultural policy."

Singapore to spend \$177m to expand facilities for research, development

SINGAPORE, Apr 7: Singapore is to spend 291 million Singapore dollar (177 million US) to expand facilities for research and development at its science park for high-tech industries, the project developers said Tuesday, reports AFP. Chong Siak Ching, Manager of Technology Parks Pte Ltd, said the expansion would add 20.26 hectares (50 acre) to the park and accommodate about 100 multinational and local firms and centres to provide research and management support. Tenants will include companies involved in information technology, microelectronics, biotechnology and medical sciences, Chong said. She said the expanded science park had been modelled on similar facilities overseas,

with centres to provide property and management support to smaller companies wanting to establish research and development units. Chong said that construction would begin later this year and was due for completion within eight years, with the first two tenants moving in in mid-1995. With expansion to the existing park now housing 96 companies in 29.5 hectares (72.8 acres), Singapore would be able to meet a growing demand for research and development space over the next five to 10 years. Technology parks is a wholly-owned subsidiary of Jurong Town Corp, the state developer of industrial estates and related infrastructure, which manages about 70 per cent of manufacturing activity in Singapore.