

WB lends China \$490m

WASHINGTON, June 19: The World Bank on Friday announced it had awarded loans totalling 490 million dollar for improvement of grain distribution in China, reports AFP.

The financing includes a 325 million dollar loan from the bank, with a 20-year grace period, and a 165 million dollar credit from the Bank's International Development Association.

The Beijing government will provide 300 million dollar in matching funds and local businesses and governments will provide 200 million dollar.

The money is aimed at reducing losses in grain production because of a lack of transportation facilities, and to create commodities markets for grains in China.

Coal miners call off strike in Ukraine

KIEV, June 19: Coal miners in the former Soviet republic of Ukraine called off a 12-day strike today but said they would resume their walkout unless elections, were called for later in the year, reports Reuters.

A trade union representative told reporters the miners had voted late on Friday to resume work at pits in eastern Ukraine's Donbass coalfield. But some pits remained idle because miners did not trust government promises.

The miners secured a pledge by parliament to hold a September referendum of confidence in president Leonid Kravchuk and parliament. But they initially refused to return to work, saying they also wanted guarantees that new elections would be held by the end of the year.

"If the referendum shows no confidence and there is no move to hold new elections, we will resume our strike," senior trade unionist Volodymyr Minenko said by telephone from Donetsk.

IMF approves last tranche of \$ 2.26 b loan to India

NEW DELHI, June 19: The International Monetary Fund (IMF) has approved the last tranche of a 2.26 billion dollar loan to India, a Finance Ministry release said yesterday, reports AFP.

It said the go-ahead Wednesday for the withdrawal of the remaining 325 million dollar had been based on widespread appreciation of the success of India's programme of macro-economic stabilisation and structural reforms.

The amount becomes available immediately, the ministry added.

India made a 20-month standby arrangement with the IMF in October 1991 for the loan.

Consumer prices in Russia rise

MOSCOW, June 19: Russian consumer prices rose by between 22 and 24 per cent in May, up from 17 per cent in April, and 20 per cent in March, the government's Economic Reform Centre said yesterday, quoting preliminary figures, reports Reuters.

Deputy Chairman Andrei Iliarionov said latest figures compiled by the centre suggested monthly inflation would be 20 per cent in June.

The latest jump in price follows a doubling of petrol prices in May.

Prices rose 4.7 per cent in the first week of this month alone. Banks expect inflation, which was 669 per cent in the year to April, to rise further on planned price rises for state-controlled goods including gas and coal.

Russia, hoping to sign a letter of intent with the International Monetary Fund for a 4.1 billion dollar standby, has promised to cut monthly inflation to below 10 per cent.

US boeing maker signs contract for \$1.2b

LE BOURGET, France, June 19: The US Boeing aircraft manufacturer said today that it had won orders for 16 airliners worth 1.2 billion dollar at the air show here, reports AFP.

The last two firm orders were from the Danish Maersk Airline for 737-300 airliners with 140 seats.

Describing the figures as "very good" under current market conditions, the airline said it expected to sign a further three firm orders with the US leasing group international finance lease corporation (ILFC).

The air show ends on Sunday.

Japan's political crisis can hit economic recovery: Experts

TOKYO, June 19: The collapse of the Japanese government following Friday's no-confidence vote against Prime Minister Kiichi Miyazawa could put the brakes on an already hesitant domestic economic recovery, economists here said, reports AFP.

"It's the worst thing that could have happened today," said Kenneth Courtis, Vice President of Deutsche Bank capital markets (Asia).

The dissolution of parliament makes Japan a lame duck in a Group of Seven (G7) industrialised nation summit to be held here from July 7-9, in the middle of the campaign for new elections set for July 18, and threatens its reputation as one of the economic body's stronger members.

But following the censure by the opposition against Miyazawa for failing to reform Japan's corrupt political system, only a more popular government or one that is significantly different could give confidence back to business after 38 years of rule by the Liberal Democratic Party (LDP).

Uncertainty stemming from the ongoing political crisis has already touched the Tokyo stock exchange with the Nikkei Index passing below the 20,000-point mark and the yen, which last week was as high as 105 to the US dollar.

The weakening of the yen, however, will be better for Japanese exporters.

However, the latest figures for economic growth published Friday indicated the economy was still weak.

Fiscal 1992, which ended in March, showed 0.8 per cent growth in gross national product, the worst since 1974 and only half the 1.6 per cent growth predicted as of late by the government. Earlier official estimates put the rate at 3.5 per cent.

If the trend in the first quarter of 1993 continues — at 0.6 per cent higher than the previous quarter and 2.3 per cent on an annualised basis — the economic outlook here will remain dark with many fearing another plunge.

The monetary glimmer caused by company efforts to improve their performance by the end of the fiscal year and the announcement last April of a 120 billion dollar package to stimulate the sagging economy has given way to moroseness again despite pronouncements by the government that the economy had hit bottom.

Industrial production declined again with falls in automobile sales and audio-video equipment.

The political crisis has now sown deep doubt about the effectiveness of any measures to jumpstart the economy. The effects of the April package were expected to have appeared as early as this autumn.

Full-scale economic recovery will be delayed by six to nine months, said Susumu Okawa, President of the Investment Company Yasuda.

Political confusion may occur and delay the implementation of fiscal stimulus, said long term Credit Bank chief economist Takashi Kiuchi. The economy is very weak and additional measures may have to be taken at the end of summer.

The new government will not be able to respond quickly and in the appropriate manner, he said, adding that the main problem is to prevent the Japanese economy from the

double dip.

The beginning of recovery is always fragile and the confidence of investors a determining factor, Deutsche Bank's courtis said, but already shaken by the rising yen, they must now face the risks of the fall of the LDP.

This loss at the helm, the outlook of a weak government, politically paralysed, are worrying in the only country that has the strength to pull itself out of the crisis, courtis warned.

The Japan Federation of Economic Organisations (Keidanren) expressed its

regrets Friday over what it termed the political confusion.

Voicing his support for the LDP, Keidanren chief Gaiishi Hiraiwa said, we hope the incident will not affect the stability of government policy.

Kumio Miyamoto, chief Economist at Sumitomo Life Research Institute, said he wondered who would be more qualified to pull Japan out of the economic doldrums than Miyazawa, adding that a new government will incur some delay in implementing fiscal stimulus and this will lead to deterioration of confidence.

Some economists, however, put faith in the country's bureaucracy to carry it through the crisis.

One bank of Japan officials said, the impact will be very small, adding that it is well known that Prime Minister Miyazawa has been lacking initiative in leading the economy.

Shunji Funkinbara, Vice Minister of the Economic Planning Agency, said: "I don't think the dissolution of the diet did affect the economy directly. However, psychological effects might remain, we hope such concerns will be wiped out as soon as possible."



The Memorandum of Regulatory Cooperation (MORC) is being signed by (L to R) Li Xiangrui, Chairman of the Shanghai Securities exchange; Robert Nottle, Chairman of Securities and Futures Commission, Hong Kong; Liu Hongru, Chairman of the China Securities Regulatory Commission; Charles Lee Yeh Kwong Chairman of the Stock Exchange of Hong Kong Limited and Luo Xiangrong, Chairman of the Shenzhen Stock Exchange, at the Great Hall of the People in Beijing yesterday. The signing ceremony marked the culmination of almost two years of meetings between regulators in Hong Kong and Beijing. — AFP/UNB photo

GCC likely to unify customs tariffs in September

ABU DHABI, June 19: Gulf Arab states aim to unify their customs tariffs this year in a move toward a common market but economists warn that such an agreement could be fragile, says AFP.

Gulf Cooperation Council (GCC) Finance Ministers will meet in Riyadh in September to approve a single tariff of between eight and 10 per cent on foreign imports, the GCC Assistant Secretary General for Economic Affairs said late Thursday.

The proposed tariff will then be presented to the GCC summit later this year for endorsement, it, Abdullah Al-Quwatli told reporters at the end of a GCC economic seminar in Abu Dhabi.

Foreign goods could then enter through any customs centre in the council, without barriers.

But Quwatli, a Saudi, did not refer to the reservations of some member states that have blocked implementation of a 1982 agreement to unify the widely varied tariffs in the region.

Saudi Arabia and Bahrain, which impose tariffs of up to 20 per cent, have objected to low tariffs on the ground they would hit their earnings from customs duty.

In the United Arab Emirates, where tariffs are as low as one to four per cent, officials argue a hike could harm the import and re-export trade, which has become a

main component of the country's non-oil business.

The other two GCC members, Kuwait and Oman, have low tariffs in general but impose high duties on some products to protect local industries.

To reach a compromise, Gulf officials have suggested compensation to members whose earnings from customs will be affected, while another proposal called for proportional distribution of the income from taxes.

"Saudi Arabia and Bahrain will suffer most from the lower tariff as earnings from such a tax constitute a major part of their non-oil income, said Yussef Khalifa, an Economics Professor at Emirates

University.

The earnings from the new tariff should be recycled into the six members or there should be certain compensation for those affected. Another proposal is to set up development projects in those countries, he told AFP.

"Without solving such problems, the customs union will be fragile as not all members will be committed to it and this might push them to create problems at border points to block movement of goods."

A joint GCC customs tariff, which was supposed to have been implemented in 1988, is a condition of the European Community for signing a free trade accord with the 12-year-old Gulf alliance.

CAAS accuses Air India of tarnishing image

SINGAPORE, June 19: The Civil Aviation Authority of Singapore (CAAS) has ticked Air India off for allowing several of its staff to be stranded at Changi Airport here, saying it was bad for the airport's image, reports AFP.

A CAAS spokesman said Friday that the authority was concerned that stranded people staying at the airport would give it a bad image.

Forty Air India staff and their families, travelling free or on concession tickets, slept over at Changi airport's terminal one for over a week earlier this month after they failed to get a flight home.

The Straits Times newspaper

reported that the problem occurred every May, which happens to be peak travelling time for Indians because of the school vacation in India.

The spokesman said: "We want to tell Air India that we do not want this happening again. We do not want the airport's image to be affected."

"Having passengers staying there could mar the image of the Airport and Air India too. We are concerned about that, he said Air India's representative here could not be reached for comments. Changi Airport was ranked the world's best airport for the fifth time last year by business traveler, a British-based Magazine.

Kohl urges Germans to work, not whine

BONN, June 19: Chancellor Helmut Kohl, saying he was fed up with whining hypocrites, urged Germans to be patriots and work hard to solve their economic problems, reports Reuters.

Kohl, looking back at 20 years as chairman of the ruling Christian Democrats (CDU), said the world had undergone dramatic changes since German unification in 1990 and that Germans must adjust to new realities.

Germany, in the midst of a recession, has been beset with economic difficulties in financing the recovery of former communist East Germany.

Kohl described the CDU as a party of German patriots, a slightly controversial word in a country where national identity has been a difficult topic since the atrocities of Adolf Hitler's Nazi Germany.

I ask you not to surrender

this word to the right-wing radicals, Kohl said. There is no reason for us to shrink from using this word. This is a good, tried and tested German word.

Patriotism always rules out chauvinism and nationalism. Whoever stirs anti-foreigner hatred cannot be a German patriot, Kohl said, referring to frequent racist attacks on foreigners.

CDU delegates hailed Kohl for his contributions to the party over 20 years as party chairman and to the country as Chancellor, now in his eleventh year.

Kohl responded with a ringing appeal for people to count their blessings and get down to work. If we want to keep our D-mark stable, if we want to maintain the high criteria prescribed in the Maastricht Treaty on European Union... then we must now rethink, he said.

Malay share prices dip

KUALA LUMPUR, June 19: Malaysian share prices ended the week sharply lower as heavy selling corrected a market overbought on corporate rumours and presumption that a trade mission to China would spawn miracles, reports AFP.

The Kuala Lumpur Stock Exchange Composite Index — the market barometer — dipped 11.04 points or 1.5 per cent to close Friday at 735.25 from a record high of 746.29 last week.

Average daily turnover was, however, higher at 437.78 million shares valued at 1.53 billion Malaysian dollar. (612 million US dollar) from 381.56 million units worth 1.25 billion dollar (500 million US) previously.

Stock analysts said the week's finish was one of the lowest since the market went on a bull run in May and attributed the fall to rumours of company take-overs and deals

that did not materialise.

"Investors are getting tired of buying and holding on to large shares of so many companies that were supposed to have got juicy deals months ago," an analyst said.

Dealers said buying sentiment was made more bullish by the uninspiring results of a business trip to Beijing led by Prime Minister Mahathir Mohammed during the week.

They said the market had been heavily overbought in anticipation of mega-deals supposed to have been made by corporate captains accompanying Mahathir on the 10-day mission which began Sunday.

"The 30 over pacts signed (on the trip so far) look unexciting and disappointing," said Clarence Boudville, Research Manager with Zalik Securities, one of Malaysia's leading stock-brokering houses.

How village legend wrecked a happy family

By Nkosingphile Ziyane

THE FASCINATION WITH GOLD 2

Handsome, stocky Mavela Msibi was once the envy of many young people in the Shisizwe area. The owner of a Datsun truck, husband to a beautiful wife who had borne him seven children, they knew him as a good and industrious gardener, selling his produce as far as the regional capital, Nhangano, 45 kilometres away.

His children went to school at Our Lady of Sorrows primary school and the Florence Christian Academy next door. He himself was not known to be a Christian and on Sundays, while his wife and children went to morning mass, he was preoccupied with his garden.

Mavela worshipped his truck. It was the family breadwinner. Said a neighbour: "He really just loved it. He used to keep it spotless, always polishing off the dust with a rag he kept at hand even for the briefest stop. The engine was always clean. Finally it gave up on him."

The wheel of fortune had changed. Mavela began having problems with his truck and no amount of repairs would make it roadworthy. The consequences were far-reaching.

Mavela changed. He started neglecting his garden — just at the time drought struck the region. Shopkeeper Florence Simeleane remembers: "At first we heard he had joined some church and was now a converted Christian. From the way he dressed it was like he had joined a traditional healer's cult. It was all so strange and sudden."

Mavela was often heard mumbling to himself. He told his family he had been directed in a dream to a place where deep in the soil lay tons of gold in the form of Krugerrands — South African gold coins.

At first people listened seriously and with sympathy, knowing him as a man of reputable character. His wife sensed danger and tried to talk him out of these dreams. He would not listen.

Each morning he would disappear with a pick and shovel. Each night he came back late, dirty, tired and hungry. The wife now had to feed the family and in the end she could not cope.

She gave up arguing with him, packed her bags, left the seven children with her in-laws and disappeared. No one knows where she went. A man who had once worked with Mavela in South Africa said the wife was a MoSotho woman he had met in the Johannesburg area. He said: "She had no relatives around here so she probably went back home."

The family became hungry and poverty-stricken. The children dropped out of school having no one to pay their fees or ensure an after-school meal. Malnourished, they developed kwashiorkor.

Sister Judith, who runs the Our Lady of Sorrows clinic, said: "When we discovered the sad plight of the family, we visited the old people and offered to adopt three of the youngest children. They now live with a widowed lady close to the mission. She had no children of her own, and we see to it that they are properly clothed and fed."

When the nuns checked on Mavela they found him digging further down a deep hole way across the border fence on the South African side. Sister Judith said: "He had set up a ladder and each time he dug deeper he would create a step and carry the soil up to deposit it on the side of the hole. He repeated his story of the dream and said he heard

could do either."

"This man was such a hard worker and a good man — then this happened to him. He really believes he will hit the gold down there."

The practice of ghost-gold digging is common in the rural western and southern flank of Swaziland. Rumours of buried treasure are a consequence of the Anglo-Boer war from 1899 to 1902.

The Boers who owned the farms in these areas and in the Eastern Transvaal were said to have buried large quantities of Krugerrands near their houses or in graveyard sites when they were besieged by British

voices urging him on. He must be hallucinating.

"After seeing the hole I went to speak to his father and told him that if they did not find a way of stopping him he would get hurt in that deep hole. But there wasn't much he



A nun at the primary school of Our Lady of Sorrows Mission in Shisizwe, Swaziland. Photo: Nkosingphile Ziyane

India lures 35.5 tonnes of gold for bond scheme

NEW DELHI, June 19: The Indian government has lured 35.5 tonnes of bullion from its gold-obsessed citizenry in a no-questions-asked gold bond scheme, a Finance Ministry spokesman said yesterday, reports Reuters.

The bond scheme, launched on March 15 to help boost government gold reserves, closed on Monday with the government collecting about five times the amount of bullion expected.

Under the scheme, no questions were asked about the source of gold or the money that was used to buy the metal exchanged for the bonds.

The 35.5 tonnes is worth an estimated 14 billion rupee (dollar 450 million).

The five years, tax-free gold bonds pay interest of slightly less than two per cent a year.

Analysts estimate total private gold holdings in India amount to 7,500 tonnes, most of it in the form of jewellery and family heirlooms accumulated over the years.

Gold imports were banned until March 1, 1992, when expatriate Indians living abroad were allowed to bring in up to five kg (160 troy ounces) of gold as part of their personal baggage, subject to tax.

Bullion traders estimate that some 220 million tonnes was smuggled into the country in 1992, despite the easing of the import ban, as gold is a primary medium of exchange in India's huge underground economy.

Large sums of money hidden from tax authorities find their way into gold, which is still regarded as a good hedge against inflation in India, where prices remain significantly higher than on world markets.

Said the farm overseer: "At first I thought these people had come for some other kind of mischief. One night I was alerted by dogs barking. When I crept close I noticed the people were dressed in Zionist (Church) uniforms and were praying, imploring the 'fathers' to show them where the money was hidden."

The overseer says the legends of hidden Krugerrands are sheer nonsense. Yet the plight such stories have brought to Mavela and his family is tragic. — Gemini News

About the Author: NKOSINGPHILE ZIYANE is a Swazi freelance journalist and film maker. He was with the Swazi Observer and the Times, of Swaziland.