

Kuwait signs deal with US firm on petro-chemical complex

KUWAIT CITY, June 20: The state-owned Petro-chemical Industries Co. (PIC) signed a letter of intent with the US firm Union Carbide on Saturday to build a Petro-chemical Complex in Kuwait, the KUNA news agency reported, says AFP.

The project will cost 700 million dinar (2.38 billion dollar), the state-run agency said. Kuwaiti Oil Minister Ali Baghli said the PIC and Union Carbide will invest 45 per cent of the capital each while private Kuwaiti investors will be offered the remaining 10 per cent.

The complex will comprise an ethylene unit with an annual production capacity of 650,000 tonnes, a polyethylene unit with a capacity of 450,000 tonnes each year and an ethylene glycol unit with a production capacity of 350,000 tonnes.

Construction is expected to be completed by the end of 1997 and the new units will help the PIC to diversify its products, KUNA said.

The PIC, founded in 1963, produced 851,000 tonnes of urea and 669,800 tonnes of ammonia annually before the 1990 Iraqi invasion of Kuwait. Baghli said a total of 250 factories could be created to transform petrochemical products which will be produced by the new complex.

Donors pledge \$848m to Lanka

COLOMBO, June 20: International aid donors pledged 848 million dollars to Sri Lanka's economic and development programmes, the Sri Lanka Broadcasting Corporation (SLBC) said on Saturday, reports Reuters.

It said about 60 delegates from 15 donor countries concluded a world bank-sponsored Sri Lanka aid group meeting in Paris on Friday by promising the funds for 1993. Sri Lanka's delegation to the meeting was headed by Prime Minister Ranj Wickremasinghe.

Last year, donors pledged 825 million dollars for 1992. The SLBC said delegates had commended Sri Lanka for its economic progress despite "trying circumstances" and acknowledged its efforts to improve human rights.

Wickremasinghe told the SLBC the pledge was a mark of donor confidence in new President Dingirj Banda Wijetunga and the way the country had dealt with the assassination of former President Ranasinghe Premadasa.

Jakarta invests \$18.08m in new rice fields

JAKARTA, June 20: The government has allocated some 37.7 billion rupiah (18.08 million US dollar) to develop 75,400 hectares (186,238 acres) more rice fields, a new report said at weekend, according to AFP.

"We hope that at least some 60,000 hectares (148,200 acres) could be realised (in current 1993/1994 fiscal year, starting April)," Dudung Abduljadid, Director General of edible plant agriculture of the Agriculture Ministry, was quoted as saying by the media Indonesia Daily. Abduljadid said the added 60,000 hectares would bring to 321,300 hectares (793,611 acres) the total of new rice fields created in 25 provinces during the Fifth Five Year Plan ending March 1994. The target was 377,700 hectares (932,919 acres).

Reforms in China leave farmers rueful

Rajiv Chandra writes from Shandong, China

His tiny village may be part of this booming coastal province, but Xue Zhang has yet to experience Shandong's new-found riches brought by the government's economic reforms.

Living in a one-room mud-house in Xindin village, Xue supports his family of four with his meagre annual income of 250 US dollar. Deep in debt, Beijing's exhortation to farmers to get rich has a hollow ring to Xue.

"They tell us to go into business, but where is this business?" he asks. "We simply do not have the means to get rich."

Since the 1970s, when communes were abolished and leasing of land was allowed, farmers' incomes and money-making opportunities have increased. But so has the gap between China's villages, which has grown deeper with the present market reforms.

Xue's situation, for example, contrasts sharply with that of Sun Shugang, who lives in Xinmoli, also in Shandong.

From their Western style offices, Sun and his fellow 'farmers' control a global business network that includes the United States, Hong Kong, Germany and Russia.

Using its connections in Taiwan, Xinmoli took the cue to expand beyond China's international boundaries after Beijing gave a green signal for capitalist-style changes last year.

A village of 1,900 people,

Xinmoli rapidly became a 'model unit', dealing in activities ranging from chemical production to overseas restaurant operations. It has even opened a shipping company in Hong Kong and an exhibition centre that cost five million US dollar in San Francisco.

But most of China's villages, in which 67 per cent of the country's estimated 1.2 billion people live, have not been as lucky.

In their haste to lure foreign investment, many local governments overspent in developing industrial development zones without notifying farmers, prompting rampant issuance of mere pledges to pay on paper.

Sensing trouble, Beijing announced in April that it was sending teams to the provinces to investigate the farmers' complaints.

The central government is also worried that local officials are alienating the farmers, and bullying them like the hated landlords of imperial China.

Rural taxation, which is more than the stipulated five per cent of the villagers' income, is also prompting a farmers' backlash against the party. In addition, the farmers have been badly hurt by rising costs of fertilizers, pesticides and electricity while the prices of rice, wheat and corn have been on a steady decline.

Beijing is fast recognising

that the burden has become too much for the farmers to bear. In the past few months, Chinese newspaper reports of suicides in the countryside have risen.

"A considerable number of regional and departmental leading cadres do not put agriculture on their agenda," said a recent editorial in the People's Daily, the party newspaper.

"What they care for are development zones, industrial projects and real estate. They have ignored the farmer's interests," it added.

Beijing's answer to the stagnant productivity in the countryside is to divert surplus farm labour into rural business. But this alternative may have already reached its limits.

Current figures show rural industries can absorb only 50 per cent of the 200 million surplus labour force. But that surplus is increasing at a rate of five million a year. As a result, more and more rural folk are ending up unemployed as the output of village industries tapers out. Farmer Xue's only hope is to give his youngest son an expensive college education and a chance for a good job in town. "If the village cadres would think about the farmers and lead us to get rich together, we wouldn't have any grievances," he says.

Sun of Xinmoli meanwhile says his village sends its young people overseas to study, but makes sure they come home after graduation to work there.

That, he says, is one of the reasons why Xinmoli has remained successful. Driving a gleaming US-

made car fitted with the latest gadgetry — including a cellular phone — Sun extols the virtues of China's developing economy.

Says Sun: "If China remains poor, how will she establish herself in the international community?" — PS



IMF apologizes to Manila for representative's behaviour

MANILA, June 20: The International Monetary Fund (IMF) has apologized to Philippine officials for its local representative's open criticism of the country's economic performance, the presidential palace said here yesterday, reports AFP.

A palace statement said the head of the IMF Southeast Asia and Pacific Department, Kunio Saito, wrote to central bank governor Jose Cuisia disowning and apologizing for Manila Representative Christopher Browne's behaviour.

Earlier, Manila warned that Browne might be declared an undesirable person and expelled from the country for issuing the critique and accusing cabinet member of failing to give President Fidel Ramos a true picture of the economy. The Philippine Foreign

Affairs Department is "making a report to the President" on the Browne case, an official said Friday, declining to elaborate.

Browne's comments stirred a hornet's nest and riled Ramos, who marks his first year in office June 30 and has been busy defending his record, especially his failure to put an end to daily outrages that have shaken the economy.

The palace said Saito's letter admitted that "both in content and the terms in which they were made" Browne's statements were "clearly inappropriate."

No copy of the letter was available and Browne could not be reached for comment, but Cuisia released copies of his earlier letter to Browne, furnished Saito, calling the statement was action

"politically correct and indiscreet."

Finance Undersecretary Romeo Bernardo also reported to Ramos that Saito telephoned him at home "to express profound apologies on behalf of the IMF for the inappropriate remarks of their resident representative."

The palace said Browne, who issued the attack in a news conference Wednesday and is scheduled to leave the country by September, had also apologized personally to Bernardo.

It was the first time an IMF representative in the Philippines, whose foreign debt stands at 31 billion dollar, had spoken publicly about his own country in such a fashion. Such representatives enjoy virtual diplomatic status.

SFO seeks Turkish help on bank fraud

LONDON, June 20: The Serious Fraud Office (SFO) is seeking Turkish co-operation to allow access to records of two Istanbul-based banks linked with fugitive businessman Asil Nadir, the Financial Times reported Saturday, reports AFP.

The proposal was discussed last week with the Turkish government in meeting with Lorna Harris, the chief SFO lawyer dealing with fraud charges relating to the affairs of Nadir's former company, Polly Peck International (PPI).

Nadir, who jumped 3.5 million pound (5.2 million dollar) bail and fled to his native northern Cyprus on May 5, faces 13 charges of fraud and false accounting in Britain in connection with the collapse of Polly Peck.

Rao-Mehta frays push share prices down

BOMBAY, June 20: Share prices fell heavily this week on the Bombay Stock Exchange after a stockbroker sparked a political crisis with allegations that he gave a payoff to Prime Minister PV Narasimha Rao 18 months ago, reports AFP.

The BSE sensitive index, which tracks the fortunes of 30 blue-chip firms, lost 177.32 points during the week to close at 2,226.68 yesterday. The national index shed 64.87 points to close at 1,037.93.

Brokers said sentiment was weak Monday and Tuesday ahead of a news conference Wednesday by Bombay broker Ilarshad Mehta, at which he had promised to make stunning revelations.

Mehta, who faces fraud charges in connection with India's biggest financial swindle, came through on Wednesday with his allegation that he gave 10 million rupees (333,333 dollars) to Rao in November 1991.

Rao denied the accusation and received a unanimous vote of support from leaders of his Congress (I) Party but the charges dampened trading on the Bombay bourse for the remainder of the week.

Brokers said they expected the listless trading to carry over into this week. "Much now depends on how the joint parliamentary committee probing the securities scam handles this issue when it resumes hearings on Monday," said one.

Public financial institutions and some foreign institutional investors made large buys in the hopes of seeing the market rise once the crisis is over.

'US wants to boost economic stability in South Asia'

WASHINGTON, June 20: The United States seeks to promote stability and economic development in South Asia, John R. Malott, Interim Director and Deputy Assistant Secretary of State in the Bureau of South Asian Affairs said recently, according to a USIS press release.

Malott stressed that for the United States to have a role in improving the climate between India and Pakistan, it must enjoy strong and vital bilateral relationships with both countries.

"We do not see the region through a zero-sum framework. We want to have good relations with both India and Pakistan, and we believe that it is possible to do so," Malott said.

Malott made his comments during a speech to a joint symposium sponsored by the Institute for National Strategic Studies of the US National Defense University and the Institute for Strategic Studies in Islamabad.

A top US priority for the region is to prevent war, Malott noted. To this end US policy seeks to cap, reduce and finally eliminate from the region weapons of mass destruction and their means of delivery, he said.

The United States seeks to address the underlying security concerns that drive the weapons programme in the region and to encourage direct high-level Indo-Pakistani discussions on regional security and nonproliferation, he said.

Indian rupee steady belying fears of fall

BOMBAY, June 20: The rupee held steady and remained in a narrow range in dull trading, dealers said, reports Reuters.

"The rupee weakened yesterday on fears of political instability and dollar buying by large corporates," a dealer said. The rupee remained in a range of 3.1790/1810 per 100 rupee today. Inflow of dollars for equity investments in Indian Stock Markets and cancellation of forward contracts kept the dollar supply healthy, a dealer said.

Dealers predict a weakening rupee in the coming week. "The figure of 3.1700 dollar per 100 rupees will be tested in the coming week," said PR Perichappan of Andhra Bank.

US to reinforce engine mountings on Jumbo jets

SEATTLE, Washington, June 20: US aircraft giant Boeing has announced it is to reinforce the engine mountings on all its 747 Jumbo jets, which are designed to break away in case of accident, reports AFP.

The announcement comes after two accidents involving engines falling off 747s. In Amsterdam last October a 747 plunged into flats killing 43 people, while in December 1991 a 747 crashed in Taipei, killing five people.

Two extra steel mountings are to be added to the company's 948 planes to prevent the engines detaching except when they are hit directly from the front or behind, the company said in a statement Friday.

If the engines are hit under such circumstances, fuel tanks in the wings could be damaged if they do not break away, the company said.



Dr. Mary C. Kilgour, Mission Director, USAID, Dhaka, presented a certificate of appreciation to RMH Hirsi, Chairman and Mahmoodul Haq, Managing Director of MIDAS at a local hotel in the city on Saturday.

'Clinton not a strong leader'

WASHINGTON, June 20: President Bill Clinton is not a strong leader, 68 per cent of US voters said in a poll released Saturday, reports AFP.

The US news and world report survey also gave Clinton a 39-per cent approval rating, while 53 per cent of the 1,000 voters polled gave his job performance a negative review.

Forty per cent said, they believed Clinton's leadership abilities were "only fair," while 28 per cent said, they were "poor." Twenty six per cent said, his leadership skills were "good" and five per cent said, they were "excellent."

The public's impression of former independent presidential candidate Ross Perot meanwhile deteriorated even more sharply.

Clinton tells Republicans to stop sniping at deficit cut plan

BOSTON, June 20: President Bill Clinton told the opposition Republicans Saturday to stop sniping at his deficit reduction package and come up with a detailed plan of their own, reports AFP.

The Senate is to debate his 500-billion-dollar deficit-cutting programme this week and Clinton has launched a drive to win support for the package, a mixture of tax increases and spending cuts.

Clinton accused republicans of attacking his plan without daring to make their own concrete proposals.

said in his weekly radio address.

"Where are your tough choices? Will you ask the wealthy to pay their fair share or will you put a higher burden on the middle class?" Then, speaking at a graduation ceremony of northeastern University students in Boston, he said his opponents cry "more cuts, less taxes, but no details."

Until now, Senate republicans unanimously have opposed the Clinton plan.

Clinton's tough talk came after a week of successes that were welcomed by the White House following several weeks of political defeats and public relations slip-ups.

World commodity markets : Oil prices plunge but tea, wool, coca stable

LONDON, June 20: The oil prices during the week fell to its lowest level since the beginning of the year on the news that UN Secretary General Boutros Boutros-Ghali and Iraqi Deputy Prime Minister Tariq Aziz will meet on June 22 in Geneva on the issue of Iraqi oil exports, reports AFP.

While the prices of other commodities said tea, wool, cocoa and coffee prices were stable.

Aluminium: Lower. Aluminium prices fell slightly after a jump in LME stocks and rumoured cuts in aluminium output in North America failed to materialise, leaving the market slightly over-bought, traders said.

Allen Born, Chairman and chief executive of metals group Amax, said, however, that the long-term outlook on the aluminium market was likely to improve by the end of 1994.

Born said Russia, which increased its aluminium exports in 1992, might close down some aluminium capacity in 1994 and develop more fabricating operations to absorb output. "Aluminium stocks on the LME leapt 48,725 tonnes to the record level of

1,868,925 tonnes. Nickel: Recovering after fall. Nickel prices fell on Monday, down by around one per cent before recovering through the week to end almost unchanged, dealers said.

LME nickel stocks fell 4,338 tonnes to 90,492 tonnes.

Tin: Lower. The price of tin fell to 20-year lows, reaching a record low for the current LME contract, before making a slight recovery toward the end of the week, dealers reported.

In Kuala Lumpur, sellers were so appalled by the low prices offered they effectively went on strike, failing to fix a price for the metal.

Opinion differed about whether prices would fall again next week, with some buyers saying they were waiting for prices to hit 5,000 dollar before buying again while others said they thought the metal had bottomed out.

year with consumption at 184,500 tonnes and production at 176,300 tonnes. However, fears that the APTC was going to release its 40,000 tonnes of stocks had depressed prices, he said.

On the LME, tin stocks rose 250 tonnes to 20,200 tonnes.

Coffee: Higher. Coffee prices rose to their highest level for a month, boosted by fears of a cold spell in the Brazilian coffee producing regions and a downward revision in the estimate of world coffee production in 1992-93 from German statistician F O Light.

Light said world production would reach 89.2 million bags (60 kilograms each), 10 million bags less than previously estimated and 14 million fewer than produced in 1991-92.

The market's enthusiasm was damped, however, by statistics from the US Department of Agriculture (USDA) which predicted a recovery in production in 1993-94.

The USDA predicted a six per cent increase in production next year to 97.1 million bags with the Brazilian harvest at 28.5 million bags versus 27 million forecast for this year. The Brazilian government

said the estimates were too high and it would publish its own figures in the next 30 days.

The market also rose ahead of the formation July 3 in Costa Rica of the Latin American Coffee Producers' Organisation, aimed at controlling the level of exports from the region.

The organisation is to get the final go ahead at a three day meeting in Managua next week.

Cocoa: Recovery after initial fall. After dropping at the start of the week, the price of cocoa rose following the decision last weekend of consumer and producer countries to meet in Geneva from July 5 to 16 to try to negotiate a new international agreement.

The new agreement, which would not contain economic clauses and not attempt to regulate the market, would attempt to control production, stimulate demand and bring in a controlled liquidation of the 230,000 tonnes of cocoa held by the stock regulator.

The agreement would need to be reached by the end of September when the present agreement runs out.

tions against traders selling low quality stock for export also had positive impact on prices.

But gains were limited by rumours that Ghana's producers had increased exports to create enough warehouse space to allow them to accept the midterm crop. According to analysts, the midterm crop is likely to reach 40,000 tonnes against official estimates of 25,000 tonnes.

Sugar: Slightly lower. The price of sugar fell, hit by a report from London brokers ED and F Man that sugar prices would settle below the levels they reached in May because of a reduction in Chinese and Russian demand.

The International Sugar Organisation also said that the increase in prices had been exaggerated.

Along with brokers Czar-nikov, ED and F Man said a recovery in production in 1993-94 was unlikely after the disastrous sugar season seen this year, and predicted a further fall in supplies next year.

The harvests will improve slightly in Thailand, the EC and Cuba, but will continue to be poor in South Africa and Australia, they said.

Vegetable oils: Uneven. The price of vegetable oils traded unevenly all week, with dealers uncertain over the state of trade negotiations between the EC and the United States.

The market was still unclear after French Prime Minister Edouard Balladur, returning from a meeting in Washington with US President Bill Clinton, said France could not agree to a US-EC agricultural accord in its present state.

Oil: Lower. The price of oil fell to its lowest level since the start of the year on the news that UN Secretary General Boutros Boutros-Ghali and Iraqi Deputy Prime Minister Tariq Aziz are to meet on June 22 in Geneva on the issue of Iraqi oil exports.

The meeting, organised at Aziz's request, will focus on the UN's humanitarian action in Iraq and whether approval should be given for Baghdad to sell oil under UN supervision.

The UN Security Council last August authorised Iraq, under and oil embargo since its invasion of Kuwait, to export 1.6 billion dollar worth of oil a year if the money it gets is spent on humanitarian aid. Baghdad has refused.

Rubber: Lower. The price of rubber fell because of low demand, notably in the car sector, where tyre manufacture provides the main market.

Rumours that the three main producers, Malaysia, Thailand and Indonesia, are going to quit membership of the International Natural Rubber Organisation because of its ineffectiveness, also weighed on the market.

Producer and consumer countries are to meet in November to try to agree a new accord but dealers don't believe there is much hope of success.

Grains: Weak. The prices of wheat and barley fell, weakened by a lack of demand linked to the traditional slowing up of grain activity mid-year and the failure of the United States to process the credits agreed for Russia.

Prices were unaffected by statistics from the Australian Bureau of Agriculture and Research Economic (ABARE) which suggested Australian output would shrink in 1993-94.

Tea: Stable. Having fallen by a third over the first five months of the year, tea prices were stable this week, level

with prices seen at the same time last year.

At the weekly London sales, prices were unchanged at 155 pence/kilo for higher grade tea, 105 pence/kilo for middle grade tea and 85 pence/kilo for lower grade tea.

Cotton: Uneven. The price of cotton traded unevenly in Liverpool with dealers uncertain on the prospects for a recovery in textile demand due to the weak state of European industries.

According to the US agricultural Attache in Pakistan, Pakistani cotton output will rise in 1993-94 to 8.7 million bales (480 pounds in weight each) if farmers manage to control an attack of leaf curl virus which affected the crop last year. In 1992-93, production fell to 7.16 million bales because of the epidemic and flooding.

Wool: Steady. The price of wool was steady on the Bradford market, unchanged from the previous week, still depressed by the lack of industrial demand.

The drying up of supplies from Australia and New Zealand following the end of the southern hemisphere season failed to boost the market.