Dollar, share prices fall in Tokyo

TOKYO. July 30: The US dollar fell against the Japanese yen Friday, while prices on the - Tokyo Stock Exchange edged downward, reports AP.

The dollar closed at 105.60 yen, down 0.48 yen from Thursday's close. It opened at 106.35 yen, down from 106.45 yen in late New York trading Thursday, and ranged between 105.60 yen and 106.35 yen.

The dollar fell against the yen because of speculative sales of German mark for yen as well as Japanese exporters' sales of the dollar for the Japanese currency, said Masamichi Yasuda, a dealer with the Bank of

The dollar opened the day higher following a decision Thursday by the German central bank not to lower its key interest rate.

Traders took the German decision as a signal to exit the weakened European currencies and head for the dollar, which ts widely considered to be a safe haven in times of uncertainty.

On the stock exchange, the 225-issue Nikkei Stock Average fell 76.71 points, or 0.37 per cent, to finish at 20,380.14. On Thursday, the average rose to close at 20,456.85.

Dollar rises against most

ollar rose against most major currencies in early trading Friday as tensions hovered at the breaking point within Europe's exchange-rate mechanism,

The dominant German mark pushing the French franc throunitary European currency.

Exchange Rate Mechanism is on its last legs," said Neil Mackinnon, Chief Currency Analyst for Citibank in London. Reflecting exchange rate unit

105.60 yen, down 0.48 yen from Thursday's close. Later in London, the dollar was quoted at the lower rate of 104.83 yen. Other dollar rates compared with late Thursday:

from 1.7335

-1.5225 Swiss francs, down from 1.5230

-5.9595 French francs, up from 5.9225

from 1.9510

-1.616.5 Italian lire, up from 1,606.00

—1.2862 Canadian dollars.

Thursday.

London's major bullion dealers fixed a recommended gold price of 403.15 dollar per ounce at midmorning, up from 394,25 dollar bid per ounce late

In Zurich, the midday bid

rose 8.98 dollar to close at 402.12 dollar Silver traded early in London at 5.29 dollar a troy ounce, up from 5.16 dollar a troy ounce late Thursday.

MOSCOW, July 30: The rouble inched up in value Friday, closing at 987 to the dollar on the Moscow Interbank Currency Exchange and capping a week of growth despite political chaos triggered by a

their savings when the Central Bank last week invalidated pre-1993 rouble. The withdrawal also provoked an uproar in polittical and financial circles.

Still, the rouble closed 996.5 Monday, dipping below the 1,000-rouble threshold for the first time in months Analysts have offered several explanations for why the rouble

Some traders believe heavyhanded intervention by the Central Bank is the only explanation for the rouble's rally According to the newspaper Financial Izvestia, the Central Bank spent 100 million dollar in the first three days of the

week to keep the rate stable. Swedish economist Anders Aslund, a consultant to the Russian government said the rouble's stability in an illusion produced by a 20 per cent cent decrease in the amount of money in circulation.

ACIG asks members to capitalise on regional economic reforms

ABU DHABI, July 30: Official Arab Economic Group has urged its members to capitalise on ongoing regional economic reforms to repatriate their over seas assets and contribute to domestic development, according to AFP.

The Kuwait-based Arab Corporation for Investment Guarantee (ACIG) said the 21 members of the Arab League-20 countries plus the PLO-had invested only 11.9 billion dollar locally while they pumped between 650 billion and 700 billion dollar abroad.

"There are several developments that should prompt Arab investors to switch to the local market on the basts of real mutual interests among all invest ment parties," it said in a report obtained Thursday from the United Arab Emirates (UAE)

Finance and Industry Ministry. "The most important development is the increasing problems facing Arab investments in international markets, including fraud and direct measures taken by host countries like freezing, confiscation or discrimination against Arab money because of political attitudes in a certain period of time.

It said other problems in volved mismanagement of funds, fluctuation in interest rates and currency exchange and instability in stock mar-

The reality is that the problems facing Arab money abroad are far bigger than what is published. This, coupled with the improving investment climate in the region due to economic reforms in some member states, require Arab investors to revise their policy of concentrating their funds in world markets and channel part of them into Arab markets, " it said.

It is the latest in a series of calls to bring home part of the overseas Arab funds to finance regional development and follows recurrent losses in international markets.

According to the Arab League, member states lost nearly 80 billion dollar in 1992 due to a drop in the US dollar and interest rates. Kuwait has lost most of its assets of five billion dollar in Spain, due to mismanagement while the 1987 world stock market cash cost the six-nation Oulf Cooperation Council (GCC) more than 25

billion dollar. But Arab investors are still reluctant to switch to the local market since the return on investment is higher abroad and the political atmosphere in the Arab world is not encouraging.

"Without stability, you can not talk about feasible investment. You can not expect investors to bring back their funds when political uncertainty still prevails in the Gulf and other parts of the Middle East," said Yusuf Khalifa. Economics Professor at the Emirates University.

"Another thing is that there are no guarantees your funds

will not be impounded when a dispute erupts between two Arab countries.

Several Arab states began amassing funds during the oil boom of the 1970s and early 1980s, when their crude export earnings exceeded 150 billion dollar a year and the budgets of most oil producers registered surpluses.

Most of the overseas Arab assets are owned by the OCC states of Saudi Arabia, Oman, Qutar, Kuwait, Bahrain and the

They are invested primarily in real-estate, stocks equities and bank deposits worth some 280 billion dollar

Gulf bankers said the bulk of the funds are based in the west mostly in the United States, France, Britain, Germany, Italy and Switzerland.

But investors, notably from the Gulf, began exploring new markets in Asia and Eastern Europe following the collapse of communism.

Venezuela's state oil co continues to make profits

CARACAS, July 30: CITGO Petroleum Corporation, a US subsidiary of Venezuela's state oil company, recorded higher second quarter profits this year than last year, the state of company announced Thursday. reports AP.

Earnings rose because CITGO's refining and marketing operations made more money. according to a statement by Petroleos de Venezuela.

Second quarter earnings this year were 26.8 million dollar on sales of 2.4 billion dollar, the statement said. Last year, second quarter earnings were 25.6 million dollar on sales of 2.5 billion dollar.

CITGO, with annual rev enues of about nine billion dollar has lubricants, petrochemicals, refined waxes, asphalt and other industrial products. It markets its brand of gasoline through 12,225 retail outlets located mostly east of the Rocky Mountains.

Indian truckers plan to go on strike

NEW DELHI, July 30: More than 1.8 million trucks that carry 90 per cent of india's freight plan to go on strike at midnight Saturday to demand the abolishment of taxes and highway tolls they are forced to pay in many states, report AP.

The All India Motor Transport Congress, the country's biggest truckers' union, announced the strike on Friday after negotiations with government officials fatled.

From Saturday midnight all loading and delivery of goods by trucks, trailers and tankers through out the country will stop for an indefinite period. AU Sheriff, president of the Motor Transport Congress, said at a news conference.

Government officials tried to stall the strike by calling the union leaders for fresh talks on Friday.

I can only appeal to the Motor Transport Congress. The taxes are decided by the states not the center," said Jagdish Tytler, minister for surface transport in an interview.

If the strike continues for more than a few days, it could lead to shortages of food, consumer goods, and even affect industrial production. Truck owners will lose a total of 900 million rupees (30 million doliarl of business every day, the

It would be the second truckers strike in one year. The strike in July, 1992 lasted seven days and was called off after the federal government appealed to truckers to save millions of people from distress and some farmers from bankru-

The 56-year-old union wants to end a 100 rupee (3 dollar) toll that trucks pay to enter eight of India's 25 states.

The union wants "octrot," a tax that seven states impose on goods brought in by trucks. abolished

The truckers also want the government to crack down on the officials who stop trucks at some of the country's 40,000 toll booths and force them to pay bribes to drive through.



SYDNEY: Traders at the Sydney Futures Exchange signal orders after the Reserve Bank lowered official interest rates by half a per cent Friday in a bid to accelerate the pace of Australia's sluggish economic recovery. It was the first rates cut since March 23 and the 15th successive reduction since rates peaked at 18 per cent in January 1990. - AFP/UNB photo

Pave way to shun Euro exchange rate mechanism, economists tell France

LONDON, July 30: Six of the world's top economists, including three Nobel prize winners, called Thursday for France to lead the way in the abandonment of the European exchange rate mechanism, reports AP.

In an article on the London newspaper the Financial Times, they said Europe is repeating the mistake of the 1930s, when countries tried to maintain currency values in spite of economic depression.

The six - Oliver Blanchard. Rudiger Dornbusch, Stanley Fischer, Franco Modigliani, Paul Samuelson and Robert Solow - are all professors of economies at Massachusetts Institute of Technology in the United States

Modigliani, Samuelson and

HONG KONG, July 30: Asian

stock markets closed generally

higher Friday, with share prices

rising across the board in

Australia to push the key index

to a new six-year high, reports

strength in the Australian mar-

ket to a rally in US issues, a

surge in the price of gold and a

cut in Australia's official cash

dex of share prices rose 15.5

points to 1,844.0, it highest

since the global stock market

erash in October 1987. The in-

per cent since last Friday.

dex has risen 37 points or two

Share prices also closed

higher in Hong Kong in moder-

ate trading. The Hang Seng

tor f blue chips, rose 89.03

points or 1.2 per cent, closing

Tokyo Stock Exchange, where

share prices slipped on profit-

Bucking the trend was the

Index, the market's key indica-

Sydney's All-Ordinaries in-

interest rate.

at 6,988.96.

Dealers attributed the

Solow are past recipients of the Nobel prize for economics.

They said in the article: "In 1931, when Britain went off gold (the gold standard), a baffled ex-labour minister noted: They never told us we could do such a thing."

"Just in case the message has not got through to France and Spain: no, it is not un-European to uncouple from the Deutschemark, and not even unwisc."

The Financial Times said the article, timed to coincide with a meeting of the council of the German Bundesbank later Thursday, argues that countries in the European Monetary System should work to create

The Bundesbank, Germany's

Asian stocks close higher

The 225-issue Nikkei Stock

Average fell 76.71 points, or

0.37 per cent, to finish at

20,380.14. On Thursday, the

average rose 627.27 points, or

of all issues listed on the first

section was down 0.14 points, a

statistically insignificant amo-

Prices fell because of profit-

Wellington: New Zealand

share prices closed at a three-

year high with strong demand

for stocks of Telecom Corp., the

national phone company. The

NZSE-40 Capital Index rose

lower in light trading after some

investors sold their holdings fol-

lowing an interest rate cut on

borrowings by commercial ban-

ks from Taiwan's central bank.

The market's weighted index fell

Manila: Share prices ended

28.42 points to 3,994.20.

Taipei: Share prices closed

33.39 points to 1,816.31.

taking after Thursday's hefty

unt, closing at 1,659.91.

gains, traders said.

The Tokyo Stock Price Index

3.16 per cent.

central bank, on Wednesday cu its repo rate - the rate that determines the cost of lending short term funds to commercial banks - from 7.15 per cent to 6.95 per cent.

The move raised expectations that the Bundesbank would cut its official rates and quell growing currency tensions inside the European exchange rate mechanism.

Strains within the system in which currencies of member countries are linked within fixed bands have led to heavy selling of the Spanish peseta and Portuguese escudo and continucd pressure on the French

Britain was forced out of the exchange rate mechanism on September 16 last year

higher in heavy trading. The

Manila composite index of 30

selected issues rose 12..68

lower in light trading. The Korea

composite Stock Price Index fell

Seoul: Share prices closed

Singapore: Share prices

Singapore: Share prices

closed little changed in moder-

ate trading. The Straits Times

Industrials Index rose 1.98

prices closed slightly higher in

moderate trading. The Stock

Exchange of Thailand index

share prices closed mixed in

moderate trading with earlier

losses minimised by late buying

in selected stocks. The Kuala

Lumpur Stock Exchange Com-

posite Index rose 1.38 points to

change's Composite Index rosc

2.666 points, closing at

356.721.

Jakarta: The stock ex-

Kuala Lumpur: Malaysian

rose 3.58 points to 928,20.

Bang Kong: Thai share

points to 1,751.21.

close to 730.50.

points to 1,809.20.

12.71 points to 730.50.

Myanmar signs joint venture contracts with 2 foreign firms

BANGKOK, July 30 Myan mar authorities signed Thurs day joint venture contracts to exploit on-shore oil reserves with two foreign oil firms from the United States and South Korea, the official Radio Yangon reported, reports AFP.

The production-sharing con tracts were signed between the Burmese Energy Ministry, USbased AMOCO Co. and South Korea's Yukong Ltd. the radio said in a broadcast monitored

The first joint venture con tract was signed by a senior of ficial from the Burmese state run Myanmar Oil and Natural Gas Enterprise (MONGE) and a AMOCO representative, the ra die said, adding that a second contract was signed between MONGE, AMOCO and Yukong.

The contracts allow for the exploration and recovery of petroleum and natural gas in designated areas of Central Myanmar, the radio said.

Myanmar junta, which took power in 1988 after a nationwide pro-democracy movement. has introduced liberal economic policies which include opening oil resources to joint development with foreign firms.

Malaysian inflation seen lower

KUALA LUMPUR, July 30: A think tank has cut its 1993 Malaysian inflation forecast to four per cent from 4.7 per cent but maintained its growth projection at 7.5 per cent, reports Reuter.

The consolidation phase has taken off the heat from the economy ... it has reduced pressure on prices, Kamal Salih. Executive Director of the

Malaysian Institute of Economic Research (MIER), told a news conference on Thursday.

But he warned that renewed growth of money supply and the easing of interest rates could threaten to push inflation up again. Malaysia's inflation rose to 4.7 per cent in 1992 from 4.4 in 1991 on the back of six years of heavy economic growth.

Kamal expects inflation to remain at four per cent in 1994 and move to between three and four per cent in the long-term, a level which he described as tol-

The MIER said it maintained its 1993 gross domestic product (GDP) growth forecast at 7.5 pcr cent because of uncertain economic growth around the world.

The government has put 1993 growth at 7.6 per cent, down from eight per cent in 1992 as an unprecedented sixyear expansion eases off. The economy has grown around nine per cent a year since 1988, peaking at 9.8 per cent in

The MIER said a real 8.1 per cent growth in first quarter 1993 is expected to slip in the second half.

French franc dips amid fear of pulling out of EMS PARIS, July 30: The French I think we're going to leave the Generale who follows the capital franc hovered at critical levels EMS. There are too many weak markets, "Obviously, if they

Friday amid increasing belief that France will pull out of the European Monetary System, The French currency briefly

dipped below 3.4305 francs to the German mark, the limit set by the EMS to prevent major currency fluctuations. French traders said they

believed the French franc would

be forced to leave the European

Monetary System in days to come, possibly this weekend. The country's only hope for recovery from a slumping economy and ballooning budget deficit is a drastic interest rate cuts, which only would be possible if the franc were pulled

The market is "very, very, very nervous," said one trader.

from the EMS, according to in-

currencies - four out of six When the times get rough, the Germans protected their own piece of steak. I think the EMS will break apart over the week-

A Bank of France spokesman dismissed the rumors of an impending exit from the EMS as a result of market pressure Franco-German solidarity can't be abandoned," said the spokesman, who would not be identified by name. But the spokesman said the

Prench central bank was con tinuing to intervene in international currency markets to support the franc against the mark Friday. "A lot will depend on how the government proceeds with in-

terest rates," said Antoine

Bouct, an economist at Societe

Balladur held an evening strategy session Thursday night with top finance officials, though no details of the meeting were made public. Balladur met with Bank of France Governor Jacques de

Larosiere, Treasury director

choose to go for a big cut, by 3

or 4 percentage zoints, the franc

will remain weak. But it may be

helped by better economic per-

Prime Minister Edouard

spectives at the same time.

Jean Claude Trichet and Economics Minister Edmond Alphandery After the meeting Balladur would only say, "Today was an ordinary day

The pound dipped about 15 per cent during the two weeks following its departure last

India-WB talks

on reviving

commercial

banks

Bank executives opened talks

here Thursday with Indian offi-

cials on reviving domestic com-

mercial banks plagued by huge

losses and bad debt, the

Reserve Bank of India (RBI)

A three-member World Bank

team met with RBI governor

Chakravarty Rangarajan for

talks on recapitalisation of the

commercial banks and the set-

ting up of "rehabilitation pack-

The RBI said Rangarajan

and the World Bank delegation

headed by its industry and fi-

nance division chief, Javad

Shriaz, held wide-ranging talks

of the talks. The World Bank

team includes Mansur Dilami

and Aristrobulo Dejuan, two

other senior executives of the

lending agency's Asian division.

mercial banks reported massive

losses in fiscal 1992-93 totalling

an estimated 100 billion rupee

(3.3 billion dollar), prompting

the RBI to order them to set

Scandals force

JCCI head

to resign

Ishikawa said Friday he will re-

sign as chairman of the Japan

Chamber of Commerce and

Industry (JCCI) in the wake of a

TOKYO, July 30: Rokuro

aside contingency funds.

Nearly half of India's com-

It did not give further details

on financial sector reforms.

ages," the central bank said.

said, reports AFP.

BOMBAY, July 30: World

CSIRO develops high tech uses for old tyres

SYDNEY, July 30: A new process which bonds rubber from old tyres with plastics will allow new materials to be developed which have the properties of both, Australian scientists who developed the process say. reports Reuter.

Commonwealth Scientific and Industrial Research Organisation (CSIRO) said the process it has designed will be developed with industrial conglomerate Pacific Dunlop Ltd and the Royal Melbourne Institute of Technology (RMIT).

The three-year project, funded by Pacific Dunlop and the Australian government, will rely on waste rubber from a new

Durslop plant processing a third of the country's 10 million used tyres as year.

Pacific Dunlop's General Manager for Rubber Technologies, Jim Liaskos, said on Thursday the aim was to produce products blending the advantages of plastics and rub-

"We're looking at a range of hybrid materials that combine the properties of both," he told Reuters from Melbourne.

"We want to make plastics that are impact-resistant like rubber but not as bulky.

Products which could be manufactured with the new material include floor tiles, outdoor Australian 15 million dollar furniture, containers and more (10.2 million US dollar) Pacifie flexible vehicle bumper bar.

Gold prices to slump in a year's time

LONDON, July 30: The Union Bank of Switzerland vesterday forecast that gold prices would pull back to around 370 dollar per ounce in a year's time, reports Reuter.

Gold hit its highest since the 1991 Gulf War earlier this month at 398.40 dollar after rising from seven year lows in March of about 326 dollar on investment fund and options related buying.

Next month, the price is expected to hover around 385 dollar compared with current prices this week around 390 dollar but as long as professionals, producers and speculators believe gold's rally is more than a trivial pursuit, gold may have a fair shake at 400, dollar the bank said in its latest precious metals outlook.

But by fourth quarter 1993, the golden palace built on a foundation of fund and options

buying would resemble a house of cards, the report warned and forecast fourth quarter gold to be available at 350 dollar.

Gold's surge began earlier this year as interest rates were lowered in Western Europe, faith fell in the major currencies and political turmoil threatened supplies in two of the major producing countries, South Africa and Russia.

Mcanwhile, estimated 1992 demand from China reached around 300 tonnes and on an annualised basis surged further to about 350 tonnes during the 1993 first quarter.

The market's price rise hit top gear when news of the painstakingly publicised participation of two major international investors (Sir James Goldsmith and George Soros). sparked a chain reaction of optimism," the report said.

series of bribery scandals involving his construction company, reports AP. Ishikawa's resignation, an-

nounced at a news conference, comes four months into his fourth, 3-year-term as leader of the JCCI, which has 509 local chambers and 1.5 million members across the nation.

It is the first time on record that a top official of a major Japanese economic organization has quit due to a company

Ishikawa, 67, is also chair-

man of Kajima Corporation, a major Japanese construction firm belonging to a group of major contractors accused of making questionable donations to former political kingpin Shin Kanemaru.

Kanemaru, forced to resign from Parliament over scandals last year, is on trial for tax evasion charges. Much of his hidden assets came from Japanese contractors.

having provided an unspecified amount in dubious contributions to the governor of Ibaraki Prefecture (state), 100 kilometers (63 miles), northeast of

NAFTA negotiators hopeful of labour, environmental deals WASHINGTON, July 30: Top downtown hotel. sanctions if a country fails to reviewing plans to lend Mexico ing with labour standards, the the border. Environmentalists environment and protection between three billion dollar and have estimated cleanup costs

trade officials from the United 'States, Canada and Mexico expressed optimism Thursday that they will soon agree on labour and environmental accords the Clinton administration believes will bolster shaky Congressional support for a continent-wide free trade zone, reports AP.

US Trade Representative Mickey Kantor, Mexican Trade Minister Jaime Sera Puche and Canadian Trade Minister Thomas Hockin told reporters that they expected to make significant progress during talks

But the officials said there were too many issues to be resolved to wrap up the talks this week. Kantor told reporters that lower-level talks dealing with technical issues would be conducted over the weekend with the trade ministers expected to get back together again in Washington by the middle of next week.

progress today and tomorrow. We will see how far we can get," he told reporters during a photo

The key sticking point has been a US demand for trade

enforce its laws on labour and environmental standards. Mexico and Canada have both rejected the use of sanctions to enforce the side agreements, contending that it would infringe on national sovereignty.

ment, known by its aeronym NAFTA, would create the world's largest and richest free trade zone, removing virtually all barriers to trade and investment among the three nations. While the 2,000 page agree-

In an interview Wednesday with Texas reporters, Clinton said he was committed to win-

ning support for NAFTA this year although he conceded the pact still faced "an awful lot of in an effort to win support, the administration is searching for ways to pay for clean up of

US-Mexico agency to issue bealong the border.

Members of Congress expressed unhappiness Thursday with reports that the admintstration planned to create a joint

four billion dollar over the next

decade for environmental pro-

tween six billion dollar to eight

not only water and sewage

plants but also pay for construction of roads, bridges and housing along the border in both countries. ministration greatly expands its

funding proposal he would vote against the NAFTA agreement when it comes up for a vote this

Kajima is also accused of

627.27 points, or 3.16 per cent The Tokyo Stock Price Index of all issues listed on the first section was down 0.14 points, a statistically insignificant amount, to close at 1.659.91. The TOPIX gained 37.77 points, or 2.33 per cent, to 1,660.05, the day before.

major currencies LONDON, July 30: The US

put immediate pressure on weaker European currencies, ugh its accepted "floor" early and threatening the system designed to promote a "It does look as though the

certainties, gold prices broke the 400 dollar barrier for the first time since January 1991. In Tokyo, the dollar closed at

-1.7375 German marks, up

-1.9553 Dutch guilders, up

down from 1.2870 In London, the British pound was quoted at 1.4805 dollar down from 1.4860 dollar late

Thursday.

price was 404.65 dollar up from 393.25 dollar late Thursday. Earlier in Hong Kong, gold

Rouble inches up in value

currency crisis, reports AP. Millions of Russians lost

rose above the fray.

Thursday and Friday at a

"I think we will make

The proposed trade agree-

ment was negotiated almost a year ago by the Bush administration, President Clinton demanded side agreements deal-

opposition."

against import surges.

severe pollution problems along the US-Mexican border. A World Bank official, who spoke on condition that his name not be used, said Thursday the international lending agency was

jects along the border.

billion dollar worth of bonds to pay for construction of scwage and water treatment plants

Rep Esteban Torres, D-Calif, said the administration proposal did not go far enough to address serious problems along

Torres is sponsoring legislation calling for creation of a North American Development Bank that would be able to fund

could go as high as 30 billion

Torres said unless the ad-