Politicians implicated in Italy's biggest bribery scheme

ROME, Aug 1: Italy's corruption probe has uncovered the biggest suspected bribery scheme yet, with jailed businessmen alleging 150 billion lire (nearly 100 million dollars) in payoffs to top politicians in just a few months, including two former premiers, reports AP.

Bettino Craxi, Arnaldo Forlani and six other politicians have been placed under investigation, news reports said Friday. They all denied the charges.

Corruption probes in Italy have revealed systematic payoffs by private industry to politicians and parties, and have implicated more than 2,500 people since the investigation began 17 months ago.

But this would be the biggest bribery operation to come to light.

A promoter for Craxi announced Friday night that Craxi was leaving the country, going to Tunisia, where he has a villa, for a "long time."

The Italian news agency ANSA quoted Craxi backer Maurizio Lullo as saying the former premier was leaving Italy for a few months for his "personal protection."

Craxi, like Forlani, enjoys parliamentary immunity from arrest, unless lifted by peers. Parliament would also have to give prosecutors permission to pursue the probe to see if arrest was warranted.

Crowds applauded the Milan prosecutors who are leading the probe, Saverio Borrelli, Antonio Di Pietro and Gherardo Colombo, upon their arrival at Milan's cathedral Friday for the funeral for four of the five people killed in a car bombing in the city.

Cries of "Di Pietro, Di Pietro!" and "We want a clean Italy" went up from some in the crowd of 20,000 in the cathedral square, ANSA reported.

The bombing in Milan Tuesday night as well as back-to-back car bombs in Rome an hour after the Milan blast have been interpreted as attempts to frighten forces for reform. The bombs in Rome heavily damaged the capital's cathedral and a 6th- century church in the city's ancient center.

Bombings in May in Florence near the Uffizi art museum and in a Rome neighbourhood were also widely read as intimidation against reform. The government, which has been cracking down on the Mafia, has said organised crime is highly suspected in all the attacks.

The bribery case centers on the creation and quick demise of Enimont, a joint venture between the chemical arm of the huge state-run energy company ENI and Montedison, a subsidiary of the Ferruzzi family agro- chemical concern.

Under scrutiny is the state's 1.9 billion dollar payment to buy out Montedison's share when Raul Gardini, who engineered the venture on Ferruzzi's behalf, decided to pull out.

Gardini, a tycoon- yachtsman, committed suicide last week as authorities were reportedly preparing to arrest him. ENI's former chairman, Gabriele Cagliari, also killed himself this months in his jail cell, where he was being held for questioning.

Giuseppe Garofano and Carlo Sama, two former executives of the Ferruzzi-Montedison group, reportedly gave detailed testimony to prosecutors on the alleged payment of bribes and were released from prison and placed under house arrest Thursday, the Italian news agency ANSA reported.

Russia privatises 71,791 firms so far

MOSCOW, Aug 1: One third of Russian shops and enterprises are now in private hands, as the country's privatisation campaign gets into full swing, the weekly Moscow News said yesterday, reports Reuter.

The newspaper quoted Privatisation Minister Anatoly Chubais as saying that the process of privatisation was now irreversible. A total of 71,791 firms were already in private hands, or 37.1 per cent of the total.

The sell-off had been faster for small enterprises — mostly shops and services — where 57.1 per cent were in private hands, the newspaper said. The number of small private firms would soon rise to 78 per cent of the total.

But the pace of privatisation varied in different regions of that vast Russian Federation, it added. In big towns like Moscow, over 80 per cent of small firms had been handed to new owners.

EC monetary body meet ends, no decision yet

BRUSSELS, Aug 1: The European Community's monetary committee ended a seven-hour meeting on Europe's monetary crisis on Saturday but any decisions will not be announced until after EC finance ministers meet today, an Italian officials said, reports Reuter.

Deputy Italian Central Bank Governor Lamberto Dini told reporters: "We have studied the problems and there will be conclusions tomorrow," referring to an emergency meeting today of EC finance ministers and central bank governors.

The committee of central bank and treasury officials discussed what action to take after two days of attacks on the French franc and other weak EC currencies virtually destroyed a system linking EC currencies in a semi-fixed parity grid.

Asked if he thought the grid, known as the Exchange Rate Mechanism, would survive, Dini said: 'yes, of course.

Economists questioned the chances of the grid's survival after the failure of Germany's central bank to lower its key discount rate on Thursday once again unleashed the might of the money markets on the battered system.

The grid has suffered repeated attacks since June 1992. Sterling and the lira have been forced out of the ERM and the peseta, escudo and Irish punt had to be devalued.

An earlier AFP report says: European Community (EC) Finance Minister meet Sunday for crisis talks on the future of the European Monetary System (EMS) and on measures to beat the speculators trying to bring about its demise.

The ministerial talks will follow two days of talks by the EC monetary committee prompted by frenzied speculation this week which has weakened five of the eight currencies in the EMS.

Malaysia, Indonesia open labour market talks

KUALA LUMPUR, AUG 1: Malaysia and Indonesia have opened labour market talks in response to the deaths of 47 Indonesians who drowned while trying to swim from a boat to Malaysia to seek work, reports Reuter.

Malaysian Deputy Home Minister Megat Junid Megat Ayub said today the talks would seek ways to allow Indonesians to work legally in Malaysia.

Megat Junid said he met Indonesian Manpower Minister Abdul Latief last week to discuss the matter, as both countries did not want a repeat of the drowning incident.

"We have to look for ways for Indonesian workers to enter Malaysia legally to work," he said on television. "We also talked about how Indonesians working here can send money back through proper channels like banks."

Thousands of Indonesians, mostly from Sumatra island, work in labour-starved Malaysia.

China nullifying local tax breaks for foreign investors

BEIJING, Aug 1: Foreign-funded enterprises in China have to re-register beginning Sunday as part of the central government's moves to nullify local tax breaks granted to foreign investors, reports AP.

The official China Daily's Business Weekly said the central government has invalidated all tax reductions and exemptions that local governments granted to foreign-funded ventures in violation of national policy.

Dong Shukui, Deputy Director of the State Taxation Administration, said China was only "unifying its national taxation policy."

Many localities have offered dramatic tax breaks in their race to attract foreign investment.

Dong said the tax administration plans to send inspection teams across the country to crack down on unauthorized tax benefits.

Even before the crackdown, tax revenue from foreign-funded enterprises jumped in the first six months of 1993 by 66 per cent compared with the same period last year, to 8.1 billion yuan (1.4 billion dollar).

Dong said China's tax revenue from foreign-funded ventures has expanded by between 40 per cent and 50 per cent a year in the past few years.

However, that still lags far behind the growth of foreign investment. In the first half of this year, foreign businesses pledged to invest 58.8 billion dollar up 300 per cent from the same period last year.

Dong blamed the lag on local officials blindly approving foreign investment projects without assessing their viability, poor management in the foreign ventures, market changes that have affected the enterprises' performance, and tax evasion.

Gold trades above $400 an ounce

LONDON, Aug 1: Gold traded above 400 dollar an ounce for the first time since the Gulf War in January 1991 after US investment fund buying propelled it through the crucial barrier overnight, dealers said, reports Reuter.

European currency market turmoil seemed to have sparked the latest surge, but it was more of an excuse than the real reason. "The funds have been looking for the right time to go over the hill, and last night was it," one dealer said.

"His time, it looked as though the funds really had the bit between their teeth."

The metal hit a high of around 404.50 dollar an ounce on Friday before slipping to fix at 403.70 dollar, the highest.

NEW DELHI : Trucks line a road yesterday due to a nationwide strike begun after the failure of last-ditch talks with the government to end levies on inter-state movement of freight. — AFP photo

Indian truckers begin indefinite strike to protest toll, tax

NEW DELHI, Aug 1: More than 1.8 million trucks that carry 90 per cent of India's freight went on an indefinite strike Sunday to demand the abolishing of taxes and highway tax in many states, reports AP.

The All India Motor Transport Congress, the country's biggest trucker union, said the response to the nationwide strike was total on the first day.

People stocked up on vegetables and consumer goods fearing shortages if the strike went on for a long time. Prices will go up by 10 to 15 per cent if the strike continues for a week, The Pioneer newspaper reported Sunday.

Three states - Rajasthan, Gujarat and Orissa - declared the strike illegal and asked police to arrest truckers trying to stop colleagues willing to operate. Armed police escorts were also put on the few trucks that were carrying essential goods like milk, fuel and medicines.

Because it is cheaper and more convenient, most Indian manufacturers and producers use truck rather than the inefficient state-run railways to transport their goods.

The 56-year-old union wants to end a 100 rupee (three dollar) toll that trucks pay to enter eight of India's 25 states. The union also wants "octroi," a tax that seven states impose on goods brought in by truck, abolished.

Truck owners will lose a total of 900 million rupee (30 million dollar) of business every day and gas stations will lose another 847 million rupee (27 million dollar) they would have earned in diesel sales.

The state governments earn 22 billion rupee (710 million dollar) every year in octroi and toll revenues.

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.

On Sunday, hundreds of trucks lined up on a highway outside New Delhi since midnight while their leaders prepared to negotiate with government officials later Sunday.

A similar strike in July 1992, which caused millions of rupees (of dollar) in losses to industries, shopkeepers and farmers, was called off after some states decided to abolish the taxes.

US raises motor fuel tax 4.3 cent per gallon

WASHINGTON, Aug 1: President Clinton's administration and top Democrats agreed Friday to raise the US motor fuel tax 4.3 cent a gallon (1.1 cents a liter) and struggled to settle final parts of a deficit-reduction plan falling somewhat short of the president's five-year reduction plan target of 500 million dollar, reports AP.

All sides forecast final agreement. But as the day wore on, problems remained, especially among democrats seeking to protect spending to benefit low-income Americans.

Black and Hispanic leaders felt their programme threatened by the agreement on a lower-than-expected gasoline tax increase. House Speaker Thomas Foley said he "assured them we would be successful in maintaining those (programme) levels virtually intact."

Foley offered no assurance of an agreement Friday night.

Rather than celebrating what would be a major victory, Democrats began airing television commercials in anticipation of the next fight: House and Senate showdowns with Republicans who are united in opposition, and with fellow Democrats who are still reluctant to go along.

At the Capitol, the president's chief negotiators met with Congress top two tax-writers in an extended effort to put together the final pieces of the budget puzzle.

From all accounts, the major tax provisions were in place the gasoline tax, a major income tax increase on the well-do-to, requirements for higher-income Social Security recipients and profitable businesses to pay more.

Half the deficit reduction would come from the tax increases, the remainder would come from restraining the growth of many spending programme, which would require further action by Congress to guarantee.

Missing the 500 billion dollar target was more a symbolic loss than anything else. Budget forecasts are largely dependent on predictions of how the economy will fare.

Market diversification promotes export growth of developing states

Market diversification reduces the instability of export earnings and promotes export growth. Many developing countries of the region have been pursuing the objective of market diversification in recent years in order to reduce dependence on traditional markets and achieve accelerated growth of their exports.

The recent decline in the importance of traditional export markets such as Japan and the United States of America, for many developing countries may reflect the result of these efforts.

The United States market has played an important role in boosting the exports of several developing countries of the region, but in recent years the dependence on that market has declined. The share of all developing country exports to the United States declined from 21.5 per cent in 1988 to 18.1 per cent in 1991.

The share of the exports of East Asian economies declined from 23.7 per cent in 1988 to 19.5 per cent in 1991, owing to the declining importance of the United States market for exports from Hong Kong and the Republic of Korea. A higher share of China's exports has been absorbed by the United States.

The share of the exports of South-East Asian countries to the United States has contracted, except for the Philippines and Thailand, where the share increased slightly. The share of South Asian countries has also declined, except for Bangladesh and Shri Lanka: larger exports of garments from these two countries to the United States have helped to increase their shares.

The market share of the European Community (EC) in developing country exports increased from 15.3 per cent in 1988 to 16.5 per cent in 1991. However, over a longer period the share of exports of developing countries to EC declined; in 1980, the share of EC in the exports of the developing economies of the ESCAP region was 17.1 per cent.

The share of developing country exports to Japan also declined, from 21.9 per cent in 1980 to 15.5 per cent in 1988 and to 14.0 per cent in 1991.

The Persian Gulf war contributed to the diminished importance of the Middle East for exports from the developing countries of the ESCAP region. The share of East and South Asia's exports has declined, while that of South-East Asia registered marginal gains. Other than Thailand, countries in South-East Asia enhanced the share of their exports to the Middle East.

In South Asia, Bangladesh, India and Shri Lanka saw a decline in the share of their exports to that area. However, developing countries of the region has been able to increase their exports to Latin America in recent years. The East Asian economies were most successful in that respect, particularly, Hong Kong and the Republic of Korea. Several other countries also have made marginal gains.

The share of the exports of the developing countries of the ESCAP region to Latin America is still very small, but the lines of transport and communication with Latin America have been expanding, and this may be followed by expansion of trade.

Similar possibility of trade expansion may exist with African countries, where the already small share of exports from the developing ESCAP region has further diminished in recent years.

The share of exports of developing countries to eastern Europe, including the former Soviet Union, declined marginally in 1991 compared with 1988. With the major political and economic changes of recent years, this region also offers potential for developing countries to increase their exports to them in future.

Countries of the regions such as Singapore and Thailand have been successful in directing a greater share of their exports to this region.

The exports of the developing countries of the ESCAP region have, however, risen considerably within the region itself. The share of intraregional exports in total exports of the developing countries rose from 46.7 per cent in 1988 to 49.9 per cent in 1991.

This increase came entirely from higher exports to developing countries of the region, as the share of the three developed countries declined from 17.4 to 15.8 per cent over the same period. The growth of the market within the developing ESCAP region is broadly shared.

East Asia's exports going to developing countries of the region increased from 31.0 per cent in 1988 to 38.4 per cent in 1991. The increase was largely due to China and the Republic of Korea.

The increase in the share of South-East Asia was modest compared with that of East Asia. Indonesia, Malaysia and Singapore were able to increase the shares of their exports to markets in the region.

The decline in Thailand's share in 1991 reflected a shrinking of the market for its rice exports in the region. In South Asia, Bangladesh, India and Pakistan sold a larger proportion of their exports to the markets in the region than before, while Nepal and Shri Lanka sold less.

The growing trade links among countries of the ESCAP region augur well for forging enhanced regional economic cooperation. — ESCAP Survey '92.

Poland, Hungary have heaviest smokers in world

LONDON, Aug 1: Poland and Hungary have by far the heaviest smokers in the world, with an average 2,500 cigarettes consumed per person per year, according to a report published here, reports AFP.

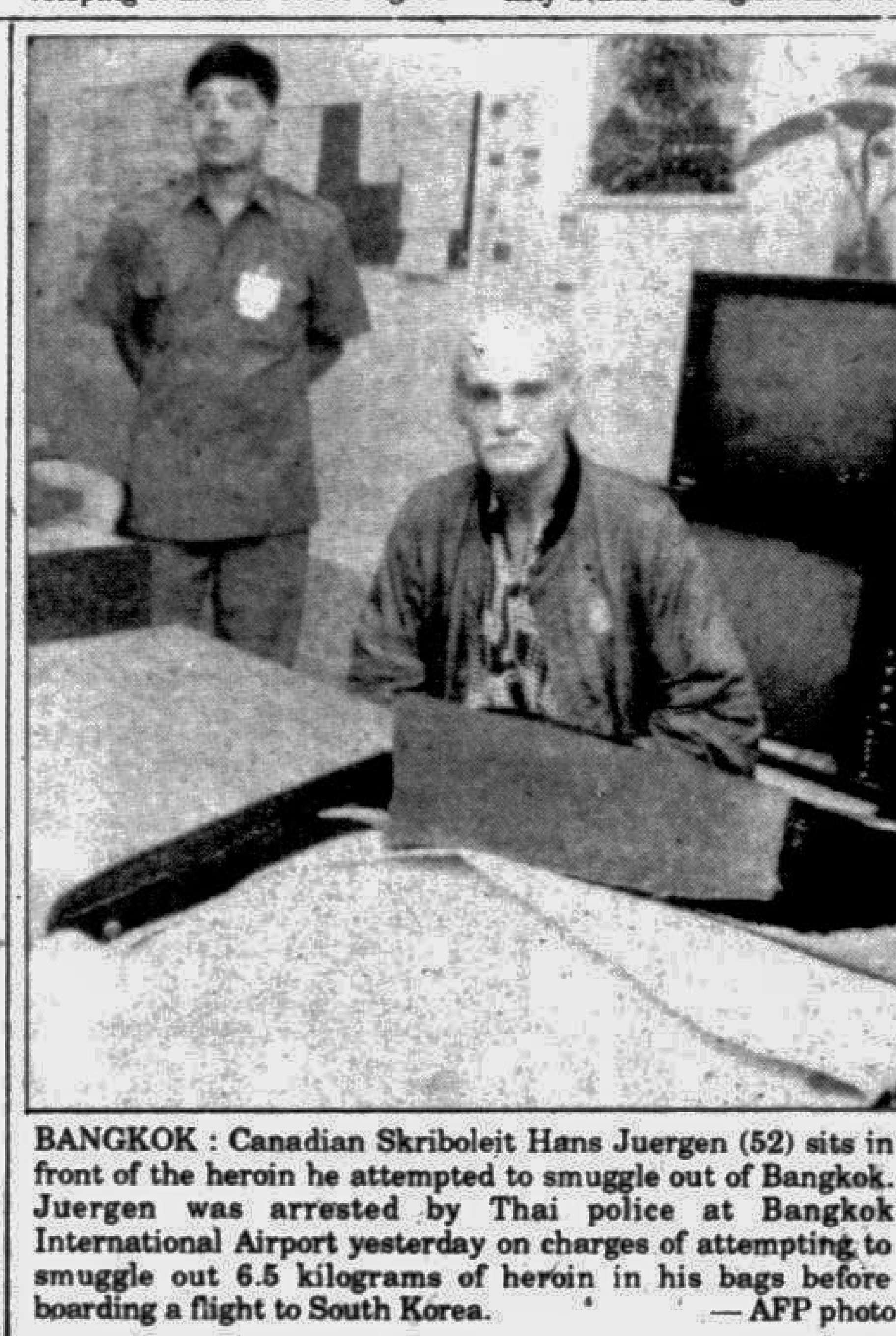
Other countries in eastern Europe are prominent in the great smoke stake, notably the former Yugoslavia with an average of 1,924 cigarettes per year, though the southern Pacific region, with an average of 2,126 edges slightly ahead of the eastern European average of 2,073.

The Euromonitor market report, based on 1991 figures, ranks Bulgaria in fourth place in Europe (1,880), followed by the Czechs and Slovaks (1,707) and Russia (1,700).

North America and the European Community tie with an average of 1,751 cigarettes each.

Cleaner jungs are found in South America, with 901 cigarettes smoked per year per person, Asia (897), the Middle East (723), North Africa (526) and Central America (408), in last place comes sub-Shaharan Africa, with an average of 267.

The world average of cigarettes smoke per year per head of population is 1,004, the report showed.



BANGKOK : Canadian Skriboleit Hans Juergen (52) sits in front of the heroin he attempted to smuggle out of Bangkok. Juergen was arrested by Thai police at Bangkok International Airport yesterday on charges of attempting to smuggle out 6.5 kilograms of heroin in his bags before boarding a flight to South Korea. — AFP photo

Steel strike extended in Pittsburgh

PITTSBURGH, Aug 1: United Steelworkers and Bethlehem Steel Corp extended a midnight strike deadline Saturday after two other steel makers averted walkouts — one with a new contract, the other with a postponement, reports AP.

Pennsylvania- based Bethlehem Steel employs 12,300 steelworkers in New York, Maryland and Indiana.

Talks at a Pittsburgh hotel were continuing under "an hour-to-hour extension," union spokesman Gary Hubbard said shortly before midnight.

"My sense of it is we're very close," Hubbard said. "If you have the momentum and you're making progress ... why stop that momentum?"

National Steel Corp and the union narrowly averted a strike when they came to a tentative agreement shortly after midnight Saturday.

Giving unions access to the board room is common in Europe but unusual in the United States.

The pact must be ratified by 6,300 union members at National Steel plants in Michigan, Illinois and Indiana.

Euro currency market turmoil turns commodities' focus to precious metals

LONDON, Aug 1: The commodity markets focused their attention on gold and other precious metals this week as prices rose following the turmoil on the European currency markets and the risk of widespread devaluations, reports AFP.

Gold price rose above 400 dollar an ounce for the first time since the Gulf War in 1991, with dealers buying gold to offset the risk of a depreciation in currency investments.

An increase in tension in South Africa, the leading gold and platinum producer, added to support for prices, along with the increasing tension in the Middle East, following the Israeli attacks on Lebanon.

Platinum and silver prices, more susceptible than gold to industrial factors, rose further, helped by good news on the US economy.

After a fall in prices last week, oil price remained around the 17 dollar a barrel level with dealers deciding that the UN negotiations with Baghdad over a possible partial resumption of Iraqi oil sales were more complex than first thought.

Among the softgoods, coffee price rose further above 1,000 dollar a tonne, boosted by growing optimism over a stock withholding scheme due to come into operation on October 1.

Cocoa prices were dashed on fears that Ivory Coast would increase output in response to a fall in its currency's fall in line with the French franc.

The signs of better weather in the midwest United States encouraged dealers to engage in profit-taking on vegetable oils and grains which fell in price.

On the London metal exchange, nickel gained ground after its fall to a six-year low the week before but tin fell again, back to its lowest level for 20 years on fears of a liquidation of stocks, particularly those from Malaysia.

Gold: Higher after steady start. The price of gold jumped above the key 400 dollars an ounce barrier for the first time since January 1991, boosted by the tensions lashing the European currency system.

The threats of a collapse in the European exchange rate mechanisms encouraged dealers to buy gold to protect themselves against a depreciation of their holdings.

Tensions in South Africa and the Middle East added to upward pressure on gold prices while fears of a rise in inflation in the United States and hopes of jewellery demand in China also added support.

Platinum: Higher. The price of platinum rose slowly, reaching its highest point since the Gulf War on Friday, boosted by the rise of gold and the tension in South Africa.

The increase in violence in South Africa boosted fears of trouble in the country's mines which provide 70 per cent of the world's platinum supplies.

Silver: Sharply higher. The price of silver jumped above five dollar an ounce to their highest level since may 1990, pushed higher by the rise in the other precious metals.

Silver was also boosted by the publication of encouraging statistics on the state of the US economy.

Copper: Higher. Copper price rose steadily in trading on the London Metal Exchange (LME) over the week because of technical tightness around the September contract and production worries in Peru and Papua New Guinea.

"There are concerns that options tightness could get worse and so you are seeing some short-covering," Rudolf Wolff analyst William Adams said.

On the LME, dealers were formally warned that the LME board was "concerned" at the backwardation (where cash price rise above the forward price) that arose for the metal during the week.

Lead: Slightly higher. Lead price rose slightly but in very quiet and largely directionless trading.

On the LME, lead stocks jumped 5,175 tonnes to a record 272,500 tonnes.

Zinc: Unchanged. Zinc price ended the week almost unchanged, trading quietly all week. The metal is "under some pressure" a dealer said, adding that technical support stood at 927 dollar per tonne.

Aluminium: Slightly lower. Aluminium fell slightly at the start of the week after fears of strike action at an aluminum plant in Canada cased. Trading was then flat and prices moved littled.

Nickel: Higher. Nickel prices rose, boosted by a technical recovery after the sharp fall in prices which took nickel to new six-year lows last week.

The metal price fell slightly on Monday but then rose on short- covering, despite the news that LME nickel stocks had broken through the 100,000 tonne level for the first time.

Tin: Slightly lower. Tin price fell slightly in very quiet trading over the week, with stocks rising slightly but little interest shown in the market.

On the LME, tin stocks rose 520 tonne to 20,915 tonne.

Coffee: Higher. The price of coffee rose to its highest level since the start of the year, boosted by optimism over the stock-withholding scheme agreed by producer countries.

Prices rose ahead of the meeting of Latin American countries in Rio de Janeiro, Brazil, to agree proposals for the financing of the scheme, under which the countries agreed to withhold 20 per cent of the exports from October 1.

Cocoa: Lower. The price of cocoa fell, depressed by the high level of Ghanaian deliveries, the traditional mid-year slowing up of demand and uncertainty surrounding the Ivory Coast harvest.

The tension on the European currency markets and threats of a devaluation of the French franc also depressed prices.

Sugar: Lower. The price of sugar fell to its lowest since February, depressed by a feeling that world supplies will be sufficient to meet demands this year.

Sugar price rose between March and June on fears of a shortage because of poor harvests in Cuba, Thailand and India, but prices have subsequently fallen back.

Vegetable oils: Lower. The price of vegetable oils fell sharply with soya down on profit-taking after its rise in recent weeks because of the flooding in the United States.