

Collapse of ERM may shatter French dream of Euro union

PARIS, Aug 3: The effective collapse of the European currency grid may have shattered France's dream of European unification, leaving many people asking why they have suffered economically so long for so little, reports Reuter.

Despite politicians efforts to put a brave face on defeat, the vision of European Community political and monetary union to which President Francois Mitterrand has dedicated much of his second term lies in ruins.

The outcome may trigger a wave of anti-German feeling in France, where the government was quick to blame high German interest rates for unleashing the wave of currency speculation that overwhelmed the semi-fixed Exchange Rate Mechanism.

Only the rebels who campaigned against the 1991 Maastricht Treaty on European monetary and political union were rejoicing on Monday, while Mitterrand's Socialist Party blamed the right-wing government elected in March for the failure.

"Europe broken?" said a banner headline in the newspaper.

per France-Sotr after EC finance ministers agree to let currencies in the Exchange Rate Mechanism fluctuate against each other by up to 30 per cent, instead of 4.5 per cent.

The European Monetary System with fluctuation bands of 30 per cent has effectively imploded," floated dissident former Socialist Defence Minister Jean-Pierre Chevènement, who led a left-wing campaign against Maastricht in last year's referendum.

As for the Maastricht Treaty, it is stifled of 90 per cent of its content, if you bear in mind that monetary and economic union was the solid part of the accord and the rest was not air," he said.

For supporters of a single European currency and a federal Europe, the weekend brought the crumbling of a dream.

Former Premier Raymond Barre a widely respected centrist economist, said the finance ministers decision had called a brutal halt to the construction of European union.

Every France government since 1983 has given prece-

dence to European integration and fiscal discipline imposed by a franc closely pegged to the mark, resisting the temptation to devalue, slash interest rates or use deficit spending to stimulate the economy.

The "strong franc" policy personified by the late Socialist Prime Minister Pierre Geresgovoy turned France into a model of rectitude with lower inflation than Germany.

But it also contributed to record 11.6 per cent unemployment and the worst recession since World War Two.

The shock of what had occurred in Brussels was slow to sink in. Some early upbeat radio reports said the EMS had been "saved" and there would be no devaluation of the franc.

Prime Minister Edoard Balladur, looking chastened, told reporters the franc's value had been preserved even as it plunged almost 10 centimes or about four per cent against the mark on currency markets.

Flanked by a grim-faced Economy Minister Edmond Alphandery and shaken central bankers, the conservative premier admitted that the outcome was not what France had

wanted, but other EC partners had blocked proposals to allow the mark to float alone.

Balladur blamed persistently high German interest rates due to the costs of German unification for the waves of speculation which forced the weekend crisis decision.

French bankers and the pro-government press did not await Monday's denouncement to lambast the Germans.

In French eyes, the Maastricht Treaty was meant precisely to anchor a Germany strengthened by unification firmly into western Europe and France's its monetary power to the community.

That has been France's supreme foreign policy objective since the Berlin Wall fell in 1989, shared by a broad consensus across the political establishment.

Whatever short-term economic benefits a weaker franc and lower interest rates may bring, that objective has suffered a severe, perhaps fatal setback.

Former Foreign Minister Roland Dumas, who negotiated the Maastricht Treaty for France, spoke of a victory for

"Anglo-Saxons" who had opposed European union from the outset.

AFP adds: France wanted Germany temporarily to leave the European Monetary System (EMS) during negotiations in Brussels, French Prime Minister Edoard Balladur said here on Monday.

France should not now rush to cut interest rates, he also said.

"We must allow natural movements to occur," he said. "We must not attempt to interfere with, nor force, rates as this could have a bad effect."

"I have been committed since the beginning to monetary stability because it is the basis of French economic policy and this stability remains our objective."

Referring to French pressure for the German mark to leave the system, he said: "The purpose of this temporary suspension of relations between some currencies was to give these countries, namely to German, the flexibility and time needed to cope with the economic consequences of reunification," he said.

World oil demand will rise to 66.5m BPD

ABU DHABI, Aug 3: World oil demand is expected to rise to 66.5 million barrels per day (B/D) in the third quarter, the Organisation of Arab Petroleum Exporting Countries (OPEC) said yesterday, reports AFP.

Iran, Kuwait, Qatar, Nigeria and other members.

Oversupply has kept oil prices at around four dollars below OPEC's benchmark of 21 dollar a barrel.

OPEC president Jean Ping of Gabon toured key cartel members in the gulf last week to prepare for an emergency meeting to tackle overproduction and Iraq's possible return to the oil market after a three-year oil embargo.

The figure is around 700,000 B/D higher than demand in the third quarter of 1992, the Cairo-based OPEC said in a study published by the United Arab Emirates semi-official newspaper Al-Itihad.

In developing nations, demand would soar by 900,000 B/D to 18.3 million B/D, while it would fall in the former Soviet Union by 500,000 B/D to 5.9 million B/D.

"Supplies from outside the Organisation on Petroleum Exporting Countries (OPEC) will reach 42.2 million B/D in the third quarter of 1993, a decline by 400,000 B/D from the third quarter of 1992," the study said.

The report expected production in the Commonwealth of Independent States to continue falling to 6.8 million B/D in the third quarter, from 8.8 million B/D in the third quarter of 1992.

While independent producers supply two-thirds of the amount, OPEC is expected to make up the remaining 24.3 million B/D.

OPEC groups the world's top crude exporter Saudi Arabia with Kuwait, Qatar, UAE, Bahrain, Iraq, Syria, Egypt, Algeria and Libya.

But the 12-nation cartel is believed to be producing more, and independent estimates have put its production at more than 24.5 million B/D in July.

Its production stood at 16.2 million B/D in April, down from 16.3 million B/D in March and 17.3 million B/D in February, the report said.

The figure is far higher than OPEC's official output ceiling of 23.58 million B/D because of reported quota violations by

Lanka making strong comeback in tea industry

COLOMBO, Aug 3: Sri Lanka, which lost its place as the world's third largest tea producer in a drought last year, is making a strong comeback, the government said Monday, reports AP.

The nation's tea production grew by 37 per cent in the first six months of 1992, according to Sri Lanka's Tea Board.

Tea is the nation's largest foreign exchange earner, bringing in more than 150 million dollars annually.

In 1992, tea production fell to 170 million kilogram (374 million pounds), and Sri Lanka lost its position as the third largest tea producer in the world to Kenya, India is no 1 and China no 2, the International Tea Committee in London says.

Sri Lanka, a tiny island-country formerly known as Ceylon, produced 117.2 million kilogram (258 million pounds) of tea in the first six months of the year, the government's Tea Board said.

During the same period last year, 85.5 million kilogram (188.1 million pounds) were produced.

The Commonwealth of Independent States, which bought 14.4 million kilogram (31.68 million pounds) between January and April, has emerged as the largest buyer of Sri Lankan tea.

The former Soviet Union did not import this nation's tea last year because of its financial crisis.

Forbes and Walker, a firm of tea brokers, said that recent good rains could push this year's production to 215 million kilogram, more than last year's production, but still short of the 1991 level of 240 million kilogram (528 million pounds).

Kennedy to spend over \$3m for Senate race

WASHINGTON, Aug 3: Taking nothing for granted in his first race since the travails of Palm Beach, Sen Edward Kennedy has raised more than three million dollar for his 1994 re-election bid, according to AP.

Federal Election Commission reports made available for public inspection Monday showed Kennedy, D-Mass, has on hand nearly five times as much money as he had at the same point in his previous campaign.

Much has gone on in Kennedy's career since that 1988 race when he defeated Republican Joseph Malone with 65 per cent of the vote. Most recently he has been closely allied with President Clinton and has been active in advancing the president's domestic policy agenda.

Last year, Kennedy married Victoria Reggie, a move some observers said would add stability to his closely watched social life.

But there was also the 1991 rape trial in Palm Beach, Fla, in which Kennedy's nephew, William Kennedy Smith, was eventually acquitted but which tarnished the senator by exposing his late-night partying habits.

Later that year in a speech at Harvard University, Kennedy acknowledged the "shortcomings - the faults in the conduct of my private life."

Last year, opinion polls indicated Massachusetts Gov. William Weld would be a serious threat against Kennedy. Former Transportation Secretary Andrew Card is considering a run. And the Massachusetts economy has been in a prolonged slump.

India's state-run steel firm hits record in sale, production

NEW DELHI, Aug 3: The state-run Steel Authority of India Ltd (SAIL) on Monday announced record production and sales for a three-month period ending July 31, reports AFP.

A company spokesman said SAIL sold two million tonnes of steel between April and July - 145,000 tonnes more than in the corresponding period of 1992.

Last month's sales of 538,800 tonnes of steel were also 6.7 per cent higher than those for July last year.

Quarterly production in 1993 also marked a five per cent jump over the previous year's April-July output of India's public sector steelplants, the company official said.

The upbeat performance will lead to higher profits in 1993-94 financial year ended March 31, he added, referring to 1992-93's profits of 140 million dollar - the ninth straight year that said posted a huge profit.

Sail's main private sector rival, the Tata Iron and Steel Co Ltd, reported a lower net profit in the last financial year. It attributed the fall to a recession in the steel industry.



LK Siddiqi, MP, Chairman, Board of Directors, Agrani Bank and Mustafa Aminur Rashid, Managing Director discussing about the different aspect of banking system with high powered Albanian Banker delegates at Agrani Bank Head Office, Dhaka.

Beijing orders price review

BEIJING, Aug 3: The government has ordered a nationwide review of prices and a rollback of unauthorized price increases in a direct attack on rising inflation, official news reports said Tuesday, says AP.

The newspaper People's Daily (Renmin Ribao) quoted the head of the State Planning Commission, Chen Jinhua, as saying that cities must pay great attention to maintaining stable prices for vegetables, grain and cooking fuel.

The move appears to halt if not reverse the government's efforts over the past two years to gradually eliminate state controls over prices and let them be set by supply and demand.

It was the latest in a series of government efforts to reduce inflation and restore order to an economy that has increasingly been troubled by a plunging currency, shortages of key raw materials, redundant and wasteful construction and wild speculation.

Although Chen did not explicitly order any re-controls over any prices that already have been freed, he appeared to be leaving that possibility open. The People's Daily quoted him as saying that city governments

should use "economic and legal methods" to stabilize prices, but "supplement these with necessary administrative methods to curb over-rapid inflation."

Inflation hit a 21.6 per cent

China to launch low-orbit satellites for Motorola Co

BEIJING, Aug 3: China's commercial launch company said Tuesday it will launch a series of low-orbit satellites for Motorola Co as part of the US communications giant's plan to build a global mobile telephone network, reports AP.

Zhang Tong, president of the China Great Wall Industry Corp, was quoted by the Xinhua News Agency as saying the launches will take place from 1996 through 2002.

Motorola announced Monday that it has secured 800 million dollar in international financing for the network, including 40 million dollar from Great Wall.

The financing means Motorola can begin building the 66 satellites to be used in the project, called Iridium.

annual rate in the major cities in June, the highest level since 1988, causing fears of unrest among urban residents.

Both in 1988 and now, inflation was fueled by rapid economic growth that pushed demand for raw materials, fuel, transportation and foreign currency far above the available supply. This time, however, the government has been trying to avoid the mistakes of 1988, when it braked down so hard on prices, and credit that it sent the economy into a two-year slump and undermined foreign investor confidence.

Chen, speaking to a national gathering of the heads of local price bureaus, presented the price review as a necessary move before further price reforms can be made. He said the local bureaus should make sure that those goods that still have price ceilings are within bounds and that price increases that need government approval are either approved or rolled back.

Although most factories have been told they can set their own prices for their products, in practice local price bureaus generally must give approval.

US won't impose penalty against Hungary, Taiwan, Thailand

WASHINGTON: US Trade Representative Mickey Kantor has decided not to impose penalties against Hungary, Thailand and Taiwan for now over intellectual property rights violations, finding that they have made progress improving their protection of patents and copyrights, according to a USIS press release.

Kantor's office announced August 2 the results of its review of the three trading partners' intellectual property practices. That review began April 30 under the Special 301 provision of US trade law, which authorizes use of retaliatory sanctions in unresolved intellectual property disputes.

Hungary initiated a comprehensive intellectual property agreement with the United States July 28. A worldwide source of copied pharmaceutical products, Hungary agreed to introduce patent protection for pharmaceuticals.

In addition, Hungary has agreed to protect computer software and improve copyright protection for sound recordings.

Kantor said he would review whether Thailand and Taiwan should remain on USTR's special 301 "priority watch list." The Thai government has taken strong actions against patent and copyright piracy, according to USTR.

NZ will give Nepal \$55,120

WELLINGTON, Aug 3: New Zealand will give Nepal 100,000 NZ dollar (\$55,120 US dollar) for flood relief efforts foreign minister Don McKinnon said in a statement today, reports AFP.

He said Nepal had been particularly badly hit by the floods and faces "massive relief and rehabilitation effort in the aftermath of its worst natural disaster for 60 years."

More than 2,000 people died in the floods which swept through Nepal last month. Officials there say material losses stand at more than one billion dollar and that rebuilding infrastructure will take least two years.

First Chinese power storage plant starts functioning

HONG KONG, Aug 3: China's first power storage plant, which complements the Daya Bay nuclear plant, has begun operation in southern Guangdong province, with Hong Kong taking half the energy it was disclosed here today, reports AFP.

The first phase of the 1,200 megawatt power project in Conghua went into operation on Monday with Hong Kong-based China Light and Power Co Ltd obtaining 50 per cent of the energy, worth 2.1 billion Hong Kong dollars (269 million US).

China light spokesman Dominic Kai said. The mark the opening of the plant, Chinese Vice Premier Zou Jiahua reportedly attended the ceremony on Monday with Chinese Premier Li Peng sending a congratulatory note.

The power plant, believed to be the first of its kind in China generates electricity from two reservoirs, with surplus electricity from the Daya Bay plants, 50 kilometres (30 miles) southwest of Hong Kong being utilised to pump excess water from an upper reservoir to a lower one to produce more electricity.

The new power plant can help solve some 30 per cent of Guangdong's power shortages, Guangdong Electric Co official Luo Shaokue told reporters at the ceremony.

"It is ideal for the Daya Bay plant to operate 24 hours at a constant low," said Kai.

The Daya Bay power plant, with two 900 megawatt reactors, is expected to start trial generation of electric power this month.

Pindi endorses plan to convert 2 financial bodies into jt stock co

ISLAMABAD, Aug 3: Pakistan's caretaker government approved in principle Monday a proposal to convert two large state-run financial institutions into joint stock companies, reports AFP.

The plan involving the national development finance corporation and agricultural development bank will be implemented in consultation with provincial governments, an official statement said.

A cabinet meeting chaired by interim prime minister Moeen Qureshi gave the approval.

Qureshi, a former World Bank vice-president, has pledged to take steps to deregulate and liberalize the economy further, a process initiated by his predecessor Nawaz Sharif.

The 63-year-old premier assumed office July 18 to lead the country until a new government is ready to take over after national elections in October.

He ordered a nine per cent devaluation of the Pakistani currency against the dollar last month to boost exports and improve the balance of payments position.

The premier has promised to take further remedial steps to improve the economy, badly hit by six months of political crisis.

While in the United States last month, Qureshi held talks with World Bank and International Monetary Fund executives in connection with the country's aid requirements.

Qureshi asked his team of nine ministers Monday to prepare programmes to create a "better environment" in economic and other fields for the future elected government.

The premier said he wanted to send "strong" signals abroad that Pakistan was deeply committed to narcotics control, development of human resources and the protection of human rights.

Dollar falls to record low against yen

TOKYO, Aug 3: The US dollar fell to another record low against the Japanese yen in Tuesday morning trading, but reported central bank intervention helped it recover some of its early losses. Tokyo share prices rose moderately, reports AP.

The dollar was trading at 104.35 yen at late morning, down 0.26 yen from Monday's close at 104.61 yen and a record low since modern exchange rates were set up in the late 1940s.

The dollar finished at 104.37 yen in overnight New York trading. During morning Tokyo trading, the dollar tumbled as low as 104.00 yen but yen-selling intervention by the Bank of Japan lifted the dollar's value somewhat, dealers said.

The central bank does not customarily comment on its activities in the exchange market.

Turmoil in the European exchange-rate system has benefited the yen, which is seen by speculators as a safe haven amid European instability.

Some traders said the dollar's lure as a safe haven has declined because the US economy is making a slower-than-expected recovery.

Finance Minister Yoshino Hayashi told a regular news conference that Japan will take "appropriate" action to keep the yen from further strengthening but did not give specifics.

Finance Ministers of the 12-nation European Community decided Monday to let European currencies float in a wider band against each other.

If European monetary conditions stabilize, the yen might fall back from its record highs, Hayashi said.

On the stock market, the 225-issue Nikkei Stock Average rose 146.62 points, or 0.72 per cent, to 20,490.15 at the end of the morning session. On Monday, the average lost 36.61 points, or 0.18 per cent, to 20,343.53.

Prices rose as investors hoped that advanced nations would ease interest rates to stimulate the global economy.

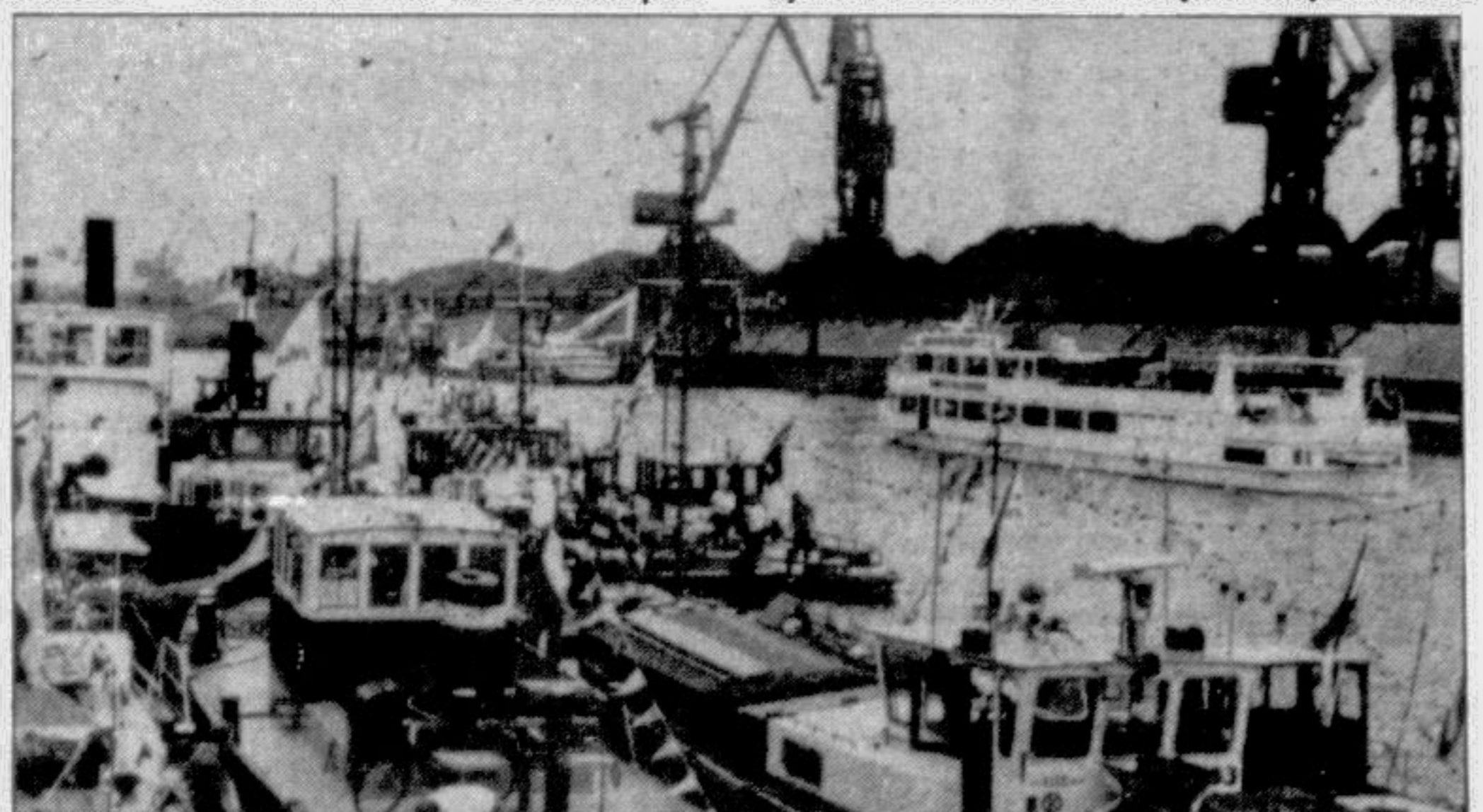
Port of Duisburg becoming highly industrial centre in Germany

When the Ruhrort city council decided in 1715 to build a harbour "from the castle gates to the Ruhr gate," no one could have foreseen the Industrial Revolution, the rise of coal and steel and the development of the harbour into the largest inland port in the world. Located on the Rhine, Europe's busiest waterway, the Rhine-Ruhr Port of Duisburg embraces 13 works harbours and the public harbour groups of Ruhrort, Duisburg and Hohefeld which constitute the core of the installations covering an area of 7.4 million sq. metres.

and rail networks make Duisburg one of the highly future-oriented industrial and service locations in Germany. The North-South axis of the Rhine and the West-East axis of European Route 34 - which links the Rhine-Ruhr port

shipping, open up (from Duisburg) transport and communication links in every direction.

Constant innovations - such as the setting up of Teleport, the intelligent communication system which assures complete disposition of



Duisburg the largest inland port in the world. This German harbour celebrated its 275th anniversary in 1991 and lies in the heart of Europe.

Johannes Rau, Prime Minister of Northrhine-Westphalia, stated in Dusseldorf: "Northrhine-Westphalia lies in the middle of a Europe which is growing together. Thus the industrial and service location between Rhine and Weser is also the intersection of the European traffic axes between East and West, North and South. The modern Port of Duisburg and its diverse transport connections are consequently of considerable importance for the whole country, too."

The opening of the Main-Danube Canal in 1992 resulted in an increased exchange of commodities with ports in Austria, Hungary and Romania. The overall turnover at the Duisburg Rhein-Ruhr Port came to 45.2 million tonne in 1992.

The process of industrial change in Northrhine-Westphalia to modern technologies and services - as well as the closure of coal mines and the steel crisis - have not left the Duisburg harbours unaffected. A Ruhr area conference was held in Bonn in 1992 with the aim of alleviating the social consequences of industrial reorganization and, through the joint efforts of the Federal Government, the Lander (states), local authorities, employers and trade unions, of providing Europe's largest industrial area and conurbation with an innovative thrust.

In this context, the new free port was a particular success for Duisburg's harbours. It is to be further enlarged. Goods can be processed and stored for an unlimited period in the free port area. This unbureaucratic procedure offers importers considerable advantages of location: they can react flexibly and in a consumer-oriented manner. - IN feature

Gold jumps on Euro currency floatation

LONDON, Aug 3: The gold price jumped in early trading boosted by the de facto floatation of currencies in the European Community's Exchange Rate Mechanism (ERM) after a decision to give them wider fluctuation bands, reports Reuter.

The metal, often the target of hot funds during currency turmoil, hit 409.25 dollar an ounce in Asian trading, its highest since the Gulf war in January 1991, and around three dollar above its London close on Friday.

But the price soon eased back on profit-taking to 406.75 dollar.

"Political factors are also lending support. From the ERM mess to Clinton in Bosnia, it can only mean one thing - higher metal prices," one senior dealer said.

Silver also started firmer at 5.46 dollar per ounce, having closed on Friday at 5.39 dollar. Dealers said the metal, which has gained in value by more than 50 per cent since March, has the potential for further rises.