

### IFC to invest \$39m in Pak cement plant

ISLAMABAD, Aug 9: The International Finance Corporation (IFC), a World Bank affiliate, signed an agreement here Sunday to invest 39 million dollar in a Pakistani cement plant project, reports AFP.

The IFC financing includes a five million dollar equity investment and 34 million dollar in loans, the project sponsors said.

Financiers from Denmark and the Netherlands, besides the Commonwealth Development Corporation, are also participating in the 162.8 million-dollar venture.

The plant, which is being built in Punjab by the Fauji Foundation, a charitable trust for Pakistani ex-servicemen, is designed to go into production in 1996.

### France trims short term interest rate

PARIS, Aug 9: France trimmed a short-term interest rate Monday, its first rate cut since currency turmoil prompted a loosening of the European Community's monetary system, reports AP.

The franc, meanwhile, resumed a weakening trend against the German mark after rallying last week.

Wider fluctuations against the German mark the EC allowed last Monday helped to end a run on the franc and other weaker European currencies. But the move set back efforts to create a single EC currency.

## EC currency markets calm

BRUSSELS, Aug 9: After weeks punctuated by frenzied buying and selling of currencies, Europe is experiencing something new calm, reports AP.

But in restoring order to the money markets, the European Community has been forced to give up its dream of an economic and monetary union in the coming years.

"It's not dead in the water, but it's certainly delayed," said Norbert Walter, chief economist at Deutsche Bank in Frankfurt, Germany.

Finance ministers of the trading-bloc nations bowed to speculative pressure last Monday and effectively suspended the 14-year-old European Monetary System that had kept currencies fluctuating in narrow bands.

They widened the ranges so most currencies could move up and down by a hefty 15 per cent on either side of a central rate.

In doing so, they chased away speculators who had been betting that monetary authorities in France, Denmark, Belgium and other countries would be forced to lower the value of their currencies.

During the week, the French

franc and other currencies regained strength. Some even moved into — but then out of again — the narrow 2.25 per cent bands used under the old rules. Only the Dutch guilder and the Irish punt remained close to the German mark, the system's strongest currency.

"The exchange rates have stabilised after the storm," said Nigel Rendell, international economist at James Capel and Co, a London investment firm.

The currency linkage, under pressure for nearly a year, sought to prevent wide shifts in members' currencies and keep inflation and interest rates under control.

But speculators brought down the exchange rate mechanism by betting that the nations, many gripped by recession, would be unable to keep interest rates and the value of their currencies up.

Much of the chaos has been blamed on high German interest rates, pushed up as a result of the expenses of unifying the east and the west. Other countries in the monetary system were forced to set interest rates high or devalue their money.

Last September, the British

pound and the Italian lira were dumped from the monetary system under intense speculative pressure.

With the easing of the trading bands, many analysts had predicted the nations would move quickly to lower interest rates and give a boost to their lagging economies.

But that didn't happen. Surprisingly, the German central bank, the Bundesbank, snipped the cost of short-term lending to commercial banks. Some saw this as a sign it would be willing to trim rates further in the weeks ahead.

The Spanish and Portuguese central banks lowered interest rates, but French, Belgian and other monetary authorities held firm.

"There was a lot of surprise that nobody made early use of the chance to cut rates," Walter said.

Analysts, though, predicted more rate reductions in the coming weeks, which would help the European economies by bringing down the cost of money, spurring investment and opening up new jobs.

"What we should see now is interest rates coming down in

### Indian peasants attack US company

BANGALORE, India, Aug 9: The Head of the US Commodity Company Cargill Inc's Indian operation hit out on Saturday at a farmer's organisation that has twice ransacked Cargill plants in a bid to drive it out of India, reports Reuters.

"This organisation needs to be reined in," said John Stewart Hamilton, Head of Cargill seeds India, after visiting his seed processing plant under construction in the southern town of Bellary, which was attacked by the farmers last month.

"This thing can't go on like this. Let them do anything within the law, but let them not smash Cargill," Hamilton said.

The militant farmers are trying to drive out Cargill in the belief that seed patents to be permitted under a draft agreement of the General Agreement on Tariffs and Trade (GATT) will drive up seed prices to millions of poor Indian farmers.

Hamilton said the farmers were mistaken in believing Cargill would patent seeds if the draft agreement prepared by GATT Chief Arthur Dunkel were approved.

"You can take it for granted

that Cargill is not going to patent its seeds even if the Dunkel proposals become a reality," he said.

The Militant Farmers Association (MFA), based in the southern city of Bangalore where Cargill has its Indian headquarters, said it would intensify its campaign against the company.

"The sovereignty of our country is at stake if we allow them to control our food production," MFA chief M D Nanjundaswamy said.

Neither side appeared interested in thrashing out the problem in talks. Nanjundaswamy said the MFA was seeking support for its anti-Cargill campaign from other farmers' organisations.

Hamilton said he was ready for talks with "anybody who has a legitimate concern about the activities of Cargill."

But, he added: "I am not interested in a debate with someone who is interested only in making baseless allegations."

Hamilton said the US-based grain and commodities firm was not going to be driven out by the farmers' campaign.

### Mahathir to visit Thailand

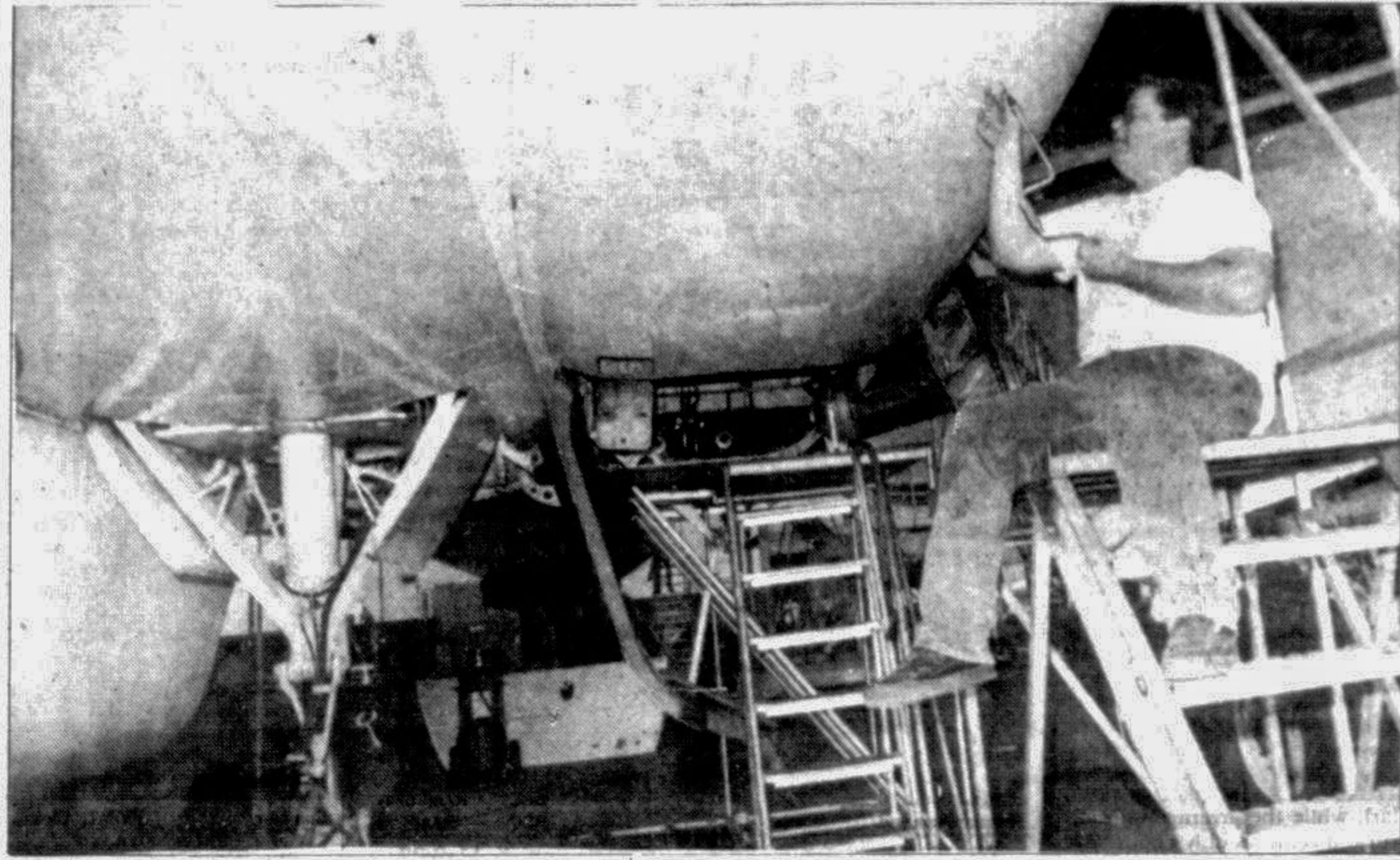
KUALA LUMPUR, Aug 9: Malaysian Prime Minister Mahathir Mohamad will make a four-day visit to Thailand beginning on August 19, focusing on tourism and business development, the Foreign Ministry said on Monday, reports Reuters.

Mahathir, accompanied by Foreign Minister Abdullah Ahmad Badawi and Sabbaruddin Chik, Minister of Culture, Arts and Tourism, will visit the tourist island of Ko Samui in southern Thailand.

The elected rulers of four Malaysian states that form part of a new "northern triangle" grouping southern Thailand, Northern Malaysia and northern Indonesia will also accompany Mahathir, the Foreign Ministry said.

The three Southeast Asian countries officially launched a regional free-trade and investment zone, after a summit last month between Mahathir and Indonesian President Suharto.

Mahathir's delegation will include former finance minister, Daim Zainuddin, chairman of the triangle project for Malaysia, and 30 businessmen, the Foreign Ministry said.



Repair work of Bangladesh Biman's damaged DC-10 aircraft undertaken by seven engineers of McDonnell Douglas Corporation (MDC) is going on in full swing.

## Australia-Nauru dispute over environmental damage ends

NAURU, Aug 9: Australia reached a multi-million dollar compensation deal with the tiny Pacific island state of Nauru on Monday, ending a 30-year dispute over environmental damage to the island from phosphate mining, reports Reuters.

The out-of-court Australian 107 million dollar (US 73 million dollar) settlement was announced by Australian Prime Minister Paul Keating and Nauru President Bernard Dowtygo.

"We have concluded a treaty-level commitment for Nauru to withdraw its ICJ (International Court of Justice) case and future claims arising out of Australia's administration of Nauru," Keating told reporters after meeting with Dowtygo.

Nauru was governed jointly by Australia, New Zealand and Britain under a United Nations trusteeship until 1947 when Australia took over sole control until independence in 1968.

Keating said Australia, in assuming responsibility for the damage caused by mining, would seek contributions from

New Zealand and Britain.

Australia, New Zealand and Britain stripped Nauru of its phosphate deposits from 1919 until 1967, leaving the 24sq km (9.3 sq mile) island pock-marked and inhospitable.

Nauru, which once boasted phosphate reserves of around 40 million tonnes, has negotiated with Australia for compensation since early 1960s.

In 1989 Nauru took Australia to the ICJ at the Hague seeking between Australian 70 million dollar (48 million US dollar) and Australian 120 million dollar (82 million US dollar) payment for environmental damage caused by mining.

The court has ruled Australia has a case to answer.

Dowtygo said he was more than pleased with the compensation package. "This 107 million Australian dollar is, on the figures, quite generous," he said.

Keating said the payment would help stabilise Nauru's economy when income from mining ended with 10 years.

Under the agreement, Australia will pay 50 million Australian dollar (34 million US dollar) to Nauru by August 1994 with the remainder payable over the next 20 years.

"When Nauru gets to the point where the revenues it has had from phosphate mining expire and it has to rebite its economy, then there's something solid upon which that rebatement can occur," Keating said.

A spokesman for Australia's Pacific island affairs minister Gordon Binley, who helped negotiate the deal, said the settlement would be signed on Tuesday, the first official day of the 24th South Pacific forum here.

The forum is an annual meeting of 15 south Pacific nations, including Australia and New Zealand.

"Nauru will be assigning its claim against the other former members of the British phosphate commission to Australia, so Australia will be seeking some payment from both New Zealand and Britain," Keating said.

## Suharto lends support to APEC

NUSA DUA, Indonesia, Aug 9: Indonesian President Suharto on Sunday lent support to the Asia-Pacific Economic Cooperation forum, but warned the controversial regional caucus should not grow at the expense of existing groups, reports Reuters.

Indonesia on Saturday agreed in principle to attend a US hosted meeting of APEC leaders in Seattle in November. Malaysia has declined, calling the move an attempt to form a US-led trade bloc.

"We hope that the role of APEC can be further enhanced for progress and prosperity in this region, Suharto told a conference on the future of the Asia-Pacific region.

"As I have said before, APEC should be able to spearhead ef-

orts to reinvigorate the world economy and provide leadership in strengthening the multilateral trade system, Suharto said.

He was speaking at the start of the conference, attended by business people, officials and academics, on the island resort of Bali.

APEC groups the United States with Japan, South Korea, Canada, Australia, China, New Zealand, Taiwan, Hong Kong and the Association of South East Asian Nations — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Suharto, in his first major reference to the forum since the US-Malaysia row, said APEC should not overlap with or replace existing regional bodies. It should not become a trade bloc

or be dominated by any members, he said.

If these principles are followed by US all then I believe Asia-Pacific Economic Cooperation will continue to develop in a healthy way, he said.

Suharto made only brief reference to a rival trade grouping excluding the United States which has been proposed by Malaysian Prime Minister Homamud Mahathir. Suharto said he believed such a body could help to strengthen APEC.

APEC officials said they believed most of the forum's 15 members would attend the Seattle meeting.

China has said it will object if Hong Kong and Taiwan, and attend as sovereign states.

### Lightning knocks out monorail at ROK Taejon Expo

SEOUL, Aug 9: Seventy people were stranded in the air for two hours as lightning knocked out the monorail at South Korea's Taejon Expo '93 over the weekend, exposition organisers said today, reports AFP.

Passengers were struck on the train for two hours when lightning blew out the main fuse controlling the monorail during a rainstorm late Sunday, the day after the international exposition opened its gates to the public in Taejon, some 170 kilometres (110 miles) south of Seoul.

Firtners were able to rescue the passengers some two hours after the incident, expo spokeswoman Jeong Joo-Eun said by telephone.

Some 110 millimeters of rain fell on the Expo site, forcing the cancellation of most evening events and flooding much of the 50 hectare (125 acre) Expo site.

Nearly 1,000 Expo staff and volunteers went on emergency standby and visitors were asked to leave the Expo around 8:00 pm two hours before closing. About 100,000 people visited the Expo site Sunday, compared to nearly 150,000 on Saturday, the first day it was opened to the general public.

Organisers expect 10 million people, including half a million foreigners, to visit the Expo site.

A total of 108 countries, and 33 international organisations are participating in the 93-day Expo.

## Uzbekistan, Kazakhstan join new rouble zone

MOSCOW, Aug 9: The central Asian state of Uzbekistan and neighbouring Kazakhstan formally joined a new rouble zone on Saturday, saying they want to be members of a joint monetary system with Russia, interfax news agency said, reports Reuters.

Interfax said the presidents of Russia, Kazakhstan and Uzbekistan signed a joint statement after intensive discussion of the situation that has emerged since Russia effectively introduced its own national currency last month.

The statement said Kazakhstan and Uzbekistan, whose economies are closely intertwined with Russia's, "have decided to set up a joint monetary system with the Russian federation using the rouble, the currency of Russia."

The document also gave the heads of governments and central banks of the three states two weeks to finalise the scheme.

Late last month Russia's central bank announced it was withdrawing all pre-1993 roubles from circulation and the 1993 banknotes became the country's only currency.

The move forced other ex-Soviet republics, which were still using the rouble, to decide whether to introduce their own currencies immediately or join Russia.

Russian officials have made clear that those joining Russia will to a certain extent lose their sovereignty, as their central banks would become effective branches of the Russian central bank.

### '10.7 trillion cft recoverable gas reserve in country'

Bangladesh has a recoverable gas reserve of 10.7 trillion cubic feet and about seven crore barrels of condensate in 17 gas fields so far discovered, reports BSS.

The country presently has been producing 580 million cubic feet of gas per day from five gas fields, one thousand barrels of condensate and 150 barrels of crude oil from one oil field.

This was disclosed by Energy and Mineral Resources Minister Dr Khandaker Mosharraf Hossain while addressing the senior officials of Petro-Bangla and gas marketing companies at petro-centre in Dhaka today.

The meeting on reduction system of loss and realisation of arrears was also addressed by Energy and Mineral Resources Secretary M Faizur Razzak, Chairman of Petro-Bangla SKM Abdullah, Managing Director in Charge of Titas Gas Company Major (Retd), Mukhtar Ali, Managing Director of Bakhrabad Gas System Afsereuddin Ahmed and General Manager of Jalalabad Gas Company MA Mattin.

Giving a break-up of gas consumption in different sectors the Energy Minister said that 43 per cent of gas was used in power generation, 34 per cent in fertilizer, 16 per cent in industries, 2 per cent in commercial and 5 per cent in domestic use. He informed that consumption of commercial energy had increased from 37 per cent in 1980-81 to 70 per cent last year and consumption of petroleum had reduced from 52 per cent in 1980-81 to 30 per cent last year. The country has saved so far a total amount of taka over 16 thousand crore in foreign currency after independence, he added.

The Energy Minister detailed a total scenario of system loss and revenue collection in gas sector and said that a punishment and reward scheme with an action plan for reducing system loss would also be introduced in gas sector very soon. He cautioned that those who would fail to achieve the target would be taken into task.

## Indonesian bid to overcome GSP problem with US

JAKARTA, Aug 9: Jakarta is setting up a special team in a bid to retain Indonesia's privileges in trade with the United States under the US Generalised System of Preferences (GSP), a report said here Monday, according to AFP.

The team, comprising officials from the ministries of trade, industry, manpower foreign affairs, information and home affairs, is expected to lobby the US trade representative to withdraw the threat to lift the benefits. The Daily Kompas quoted Trade Minister Satrio Budiarjo Yodono as saying.

Yudono said GSP benefits were "very important" as they enabled Indonesian products to enter the US market with reduced or zero import duty.

"But the main point of these efforts are to prevent the GSP problem ... from running Indonesia-US relations," he warned.

The United States says it is considering a review of Indonesia's GSP status should the country fail to beef up protection and rights for workers by February.

The US Embassy here noted that the government last month had denied permission

to the Sejahtera (Welfare) Indonesia Trade Union (SBSI), the country's largest independent union, to hold its first congress.

Spokeswoman Pamela Smith said the denial "appears to be in contrast with the government of Indonesia's previously stated position regarding freedom of association."

Moscow, Aug 9: The rouble steadied against the dollar Monday, closing at 985 on the Moscow Interbank Currency Exchange, reports AP.

At the previous trading session Friday, the rouble also closed at 985.

The rouble has gained in value since mid-June, when it hit an all-time low of 1,116 against the dollar. Over the last month and a half, the rouble's worth has improved by 12 per cent. Volume traded was 49.25 million dollar with initial supply at 49.25 million dollar and initial demand at 47.81 million dollar.

Fifty-nine banks participated.

Manpower Minister Abdul Latief has defended Indonesia's labour laws as democratic and asked the United States not to suspend the country from the GSP benefits.

The government has refused to recognise trade unions outside the government-approved all Indonesian workers union but has limited its action to urging local authorities and firms to deny them facilities.

Palm oil output likely to rise

Another report adds: Indonesian's palm oil production is projected to rise to some seven million tonnes by the year 2,000, a new report said here Monday.

Production is expected to increase one million tonnes this year to more than four million tonnes, from 3.27 million tonnes in 1992, the economic daily Bisnis Indonesia quoted Agriculture Minister Syarifuddin Baharsyah as saying.

"Steps should be taken in anticipating the increase of the production," Baharsyah said, adding that the government would improve palm oil marketing and set up a 13 billion rupiah (6.2 million dollar) refinery in north Sumatra.

## Taiwan leading foreign investor in Vietnam

HANOI, Aug 9: Taiwan was the leading foreign investor in Vietnam, followed by Hong Kong, Australia and France, an official agency reported, says AFP.

The State Committee for Cooperation and Investment (SCCI) reported that as of August 3 Taiwan had investments worth 1.33 billion US dollar in Vietnam.

Hong Kong was second with 854 million dollar, then Australia (680 million dollar) and France (548 million dollar).

Since legislation opening the way for foreign investment in December 1987,

### Time turns Reagan on his head

NEW YORK, Aug 9: Time magazine turned former US President Ronald Reagan on his head on Sunday to illustrate what it said was the end of a "bankrupt period in American politics," reports Reuters.

The weekly, news magazine printed an upside-down picture of Reagan on its cover to mark the passage of President Bill Clinton's deficit-cutting budget on Friday.

The cover shows a disembodied Reagan, still smiling under a banner headline which reads, "Overturning the Reagan era."

"For all its impurities and imperfections, the final budget deal brings to an end to a bankrupt period in American politics," the magazine said.

Time said the narrow approval of Clinton's budget in Congress on Thursday and Friday represented "the first real rejection of Reaganomics, a doctrine that survived for more than a decade in which taxes were lowered, spending raised, and Congress ... blamed while everyone watched the deficit soar."

"It is the beginning, however, modest of a return to the economic orthodoxy of balanced budgets," the magazine added.

Time said its unusual graphic represented the first time an inverted photograph had appeared on its cover in its 70-year history.

Democrats say Clinton's plan will cut the deficit by 496 billion dollar over five years. It contains 255 billion dollar in spending cuts and 241 billion in new revenues, including a 4.3-cent-per-gallon increase in the federal petrol tax.

The US senate handed Clinton a major victory on Friday, passing his controversial economic plan by a 51-50 margin after Vice President Al Gore cast a rare tie-breaking vote. On Thursday, the House of Representatives passed the budget by 218-216.