

Largest Japanese economic group plans to abolish political gifts

TOKYO, Aug 15: In response to public criticism against the huge sums of money flowing from big business to politicians, the nation's largest economic grouping plans to abolish political donations, a leading financial daily said Sunday, reports AP.

The move by the Federation of Economic Organisations, or Keidanren, would jump the gun on plans by Japan's new government to eventually outlaw corporate political contributions, said the Nihon Keizai Shimbun.

Keidanren officials were unavailable Sunday for comment on the report.

The report said Keidanren, which is made up of some 900 major companies, will hold a meeting of its top officials on Sept 2 to discuss the total abolition of contributions.

Keidanren has long acted as funnel through which large companies make gifts. Organisation officials say it has given 13 billion yen (127 million dollar) a year, mostly to the pro-business Liberal Democratic Party, which lost a parliamentary majority in July 18 national elections for the first time in 38 years.

The new government of Prime Minister Morihiro Hosokawa has promised to clean up the scandals that proliferated under the Liberal Democrats. Those scandals often involved under-the-table gifts from companies.

The Nihon Keizai said Keidanren's annual donation was believed to be less than 10 per cent of the actual total of corporate gifts. But since most corporate gifts are kept secret it is hard to make an accurate estimate.

Venezuela warns OPEC of high output level

CARACAS, Aug 15: Venezuela told OPEC it is concerned about the oil cartel's over-production and the subsequent effect on prices, in a letter sent Saturday by Energy Minister Alirio Parra, reports AFP.

Parra's letter to OPEC Secretary General Subroto warned of "spreading anarchy in world oil production" and said "conditions have deteriorated further, despite the measures taken by the OPEC conference of earlier this year, and the approaching (Northern Hemisphere winter) season, in which demand usually rises."

The Organisation of Petroleum Exporting Countries (OPEC) production beyond its agreed total output — due mainly to increased sales by Iran, Nigeria and Kuwait — is estimated at one million barrels per day.

The next ministerial-level monitoring meeting must institutionalise the changes necessary in the output ceiling and in individual quotas.

Venezuela, South America's leading oil exporter, is a founding member of OPEC.

Pindi to announce economic reform package soon

ISLAMABAD, Aug 15: Pakistan's government will announce an economic reform package soon to put the country back on the rails of development, caretaker Prime Minister Moeen Qureshi said on Saturday, reports Reuters.

"My government has prepared a detailed economic programme which fulfils present day requirements," Qureshi, a former vice-president of the World Bank, said in a speech marking Pakistan's independence day.

Qureshi was nominated as caretaker Prime Minister on July 19 after former prime minister Nawaz Sharif dissolved parliament and announced a general election would be held

on October 6. Sharif and former president Ghulam Ishaq Khan both quit in an army-brokered deal to end a feud between them that had paralysed government for six months.

"Promising to unveil the reforms within days, Qureshi said political instability and 11 years of war in neighbouring Afghanistan had damaged Pakistan's economy. The war forced Pakistan to shoulder the burden of 3.5 million Afghan refugees and cope with an influx of illegal arms and drugs, he said.

Soon after taking office, Qureshi devalued the Pakistani rupee by 6.02 per cent to boost flagging exports — a move

severely criticised by most political parties.

Economic analysts believe Qureshi will announce major economic changes, including a tax on agricultural income. No previous government has been able to impose such a levy because of the vested interests of powerful feudal landlords in parliament and the provincial assemblies.

The nation, an independent English-language daily, said on Friday Qureshi would cut import duties across the board, impose new taxes in the energy sector and end various subsidies.

It said the programme was finalised by Qureshi during a recent visit to Washington,

where he saw senior officials at the World Bank and International Monetary Fund.

Pakistan is currently negotiating with the IMF on details and conditions of a soft loan aid package worth about one billion dollar. The loan was offered on the basis of continued structural reforms and tighter fiscal controls.

The World Bank agreed earlier this year to lend Pakistan 250 million dollar in balance of payments support.

Qureshi said his government was ready to take tough decisions to help the economy, but would spend maximum resources on human development.

China set to make S Africa biggest partner in trade

BEIJING, Aug 15: China is all set to make South Africa its biggest trading partner in Africa this year, with a top economic expert urging businessmen to lose no time in investing there.

Foreign trade ministry researcher Professor Fu Zhongguo, in remarks carried by official business weekly, said today that Sino-South African trade is expected to be double of last year's 250 million dollar and touch the 500 million figure.

It would expand further since the two countries have "adjusted their policies towards each other," he said.

However, Prof Fu, who works in the International Trade Research Institute, also cautioned the Chinese companies to be "prudent in ploughing South Africa's markets."

UK plans to provide secure institutions for disturbed kids

LONDON, Aug 15: The British government is planning to invite charities and companies to provide secure institutions for disturbed or dangerous children in its latest drive to transfer state-run services to the private sector, reports Reuters.

"There is no longer any justification for the prejudice against independent provision," Health Secretary Virginia Bottomley said in a statement responding to Sunday newspaper reports about the proposals.

"Voluntary organisations and others will be able to share the responsibility for the provision of secure accommodation for young people," she said.

Until now local authorities have had to provide secure units for youths who are violent, disruptive or too young to go to jail for serious crimes such as murder or rape.

The "privatisation" of the service is likely to stir controversy after a series of embarrassing security gaffes earlier this year when prison escort services were put out to private tender.

Bottomley's health department has also been under fire over its handling of mental patients after a series of violent incidents involving psychiatric cases released under a "care in the community" programme.



TOKYO: Japanese Finance Minister Hirohisa Fujii, one of four key cabinet ministers in the new coalition government of Prime Minister Morihiro Hosokawa, is interviewed at the Yasukuni Shrine yesterday during a ceremony marking the 48th anniversary of the end of the World War II. Visits by government ministers to the shrine, which is dedicated to Japan's war dead, have in the past drawn criticism from Asian countries which were subjected to Japanese aggression during the war. —AFP photo

JPC comes down on CBI

NEW DELHI, Aug 15: The Joint Parliamentary Committee probing the securities scam has come down heavily on the CBI for taking over six months to register a case in connection with the controversial Rs two-crore deal involving Goldstar Steel and Alloys Ltd (OSAL), reports PTI.

The Prime Minister's son, P V Prabhakar Rao is a promoter-director in the company.

In its revised draft report, the committee noted that though the investigating agency had known about the transaction in August 1992, it had registered a case on March 12, 1993 after a furore in both Houses of Parliament following publication of the Janakiraman Committee report.

The "dubious nature" of the transaction was indicated by the curious manner in which it was dealt with by the Andhra Bank Financial Services Ltd

Gold sales up in Shanghai

SHANGHAI, Aug 15: Shanghai has become China's largest market for gold jewellery, with 200 gold shops already in business and another 200 applying for a licence, a local newspaper reported, says Reuters.

Sales in the first six months of this year have hit 12 tonnes, worth about 1.4 billion yuan (245 million dollar at the official exchange rate) compared with 15 tonnes for the whole of last year, the Shanghai Star newspaper reported in its weekend edition.

Panic buying over fears of rising inflation is mainly responsible for the dramatic increase in sales.

The newspaper said daily sale of gold in Shanghai were running at around seven million yuan (1.2 million dollar). Half of the jewellery was made in Shanghai and most of the rest came from other parts of China.

Shanghai's gold jewellery market, revived 10 years ago, is growing at an annual rate of 15 per cent, the Star said.

According to a study released last month by the union bank of Switzerland, Chinese gold imports in 1992 could have totalled 300 tonnes.

UN confce on high-seas fishing concludes

A United Nations meeting called to resolve international tensions over high-seas fishing concluded on July 31 with some consensus on principles but slow progress was made on the most contentious issues. Negotiations are tentatively set to resume at a March '94 session, and are expected to conclude at a final meeting in August '94, says a press release.

At a press conference on July 30, 93 Satya Nandan of Fiji, the Chairman of the meeting, summarised the problem as one of "too many vessels catching fewer and fewer fish."

According to the UN Food and Agriculture Organisation (FAO), virtually every commercial species of fish has been "depleted," "fully exploited," or "overexploited," while the size of the world's fishing fleets, heavily subsidised by governments, has increased at twice the rate of the size of the total catch. The total world catch of fish has been declining annually.

The UN meeting — officially titled the United Nations conference on straddling fish stocks and highly migratory fish

stocks — was called for at the Earth Summit in Brazil. It was the first major effort to regulate high-seas fishing since the UN Convention on the Law of the Sea was opened for signature in 1982. The current talks are an attempt to build on the fisheries provisions of the Law of the Sea treaty, which still remains 4 short of the 60 countries needed to ratify it before it can enter into force.

Canada has declared a moratorium on cod fishing off its Atlantic coast until stocks regenerate, putting between 20,000 and 30,000 fishermen out of work. Iceland has cut back its domestic fishing by 50 per cent because stocks are depleted. Yet unregulated foreign fleets continue to fish just off these countries' boundaries. Some governments have acknowledged that inadequate domestic management has also contributed to the crisis.

A small group of key coastal states — led by Argentina, Canada, Chile, Iceland and New Zealand — put forward a draft legal treaty early in the three-week conference.

Japan's trade surplus jumps 20 pc in July

TOKYO, Aug 15: Japan's trade surplus jumped 20 per cent in July, its 31st consecutive month of expansion from year earlier levels, the Finance Ministry announced Wednesday, reports AP.

The global surplus increased to 11.02 billion dollar from 9.23 billion dollar in July 1992.

The surplus with the United States grew 23 per cent to 4.60 billion dollar from 3.01 billion dollar although that with the European Community narrowed by 20 per cent to 2.01 billion dollar from 2.50 billion dollar a year earlier.

The figures are based on goods clearing customs, and have not been adjusted for seasonal factors.

Japan has come under increasing pressure from trading partners to cut its huge surpluses, and new Prime Minister Morihiro Hosokawa has said he will make this a priority.

In an interview published Wednesday, the new Trade Minister, Hiroshi Kumagai, said, "Our ways must be corrected if Japanese business hopes to survive in the international community."

Kumagai said that "Japanese markets are extremely closed in invisible ways."

With Japan's trade surplus showing little sign of shrinking soon, speculation has been mounting in financial markets that the yen will face further upward pressure.

Prosecution loses BCCI battle

NEW YORK, Aug 15: The first major trial in the BCCI banking fraud scandal has ended in embarrassing defeat for the prosecution amid jury complaints that it had been deluged with meaningless documents and unbelievable witnesses, reports Reuters.

After deliberating since Wednesday, jurors decided on Saturday night to dismiss all allegations brought by New York state grand jury on charges of taking bribes in exchange for helping BCCI hide its illegal ownership of US banks.

Among them was first American Bankshares Inc, Washington's largest bank holding company with branches in New York.

Acquittal began looking more likely last month when New York State Supreme Court Judge John Bradley dismissed half of the eight charges against Altman, saying the Manhattan District Attorney's office could not prove its allegations.

While Bradley threw out the important charge of bribery, he kept a key accusation that Altman took part in a scheme to defraud bank regulators by hiding the fact that BCCI was the real buyer of first American in 1982, then known as financial

general bankshares. Clifford was not tried because of a serious heart condition, but the charges are still pending. His illness is expected to keep him from ever being tried, Altman and Clifford were legal advisers to BCCI and officers of first American bankshares.

The Luxembourg-based bank has been accused of having dealings with western intelligence agencies, Middle East guerrillas, drug traffickers and organised crime.

Altman and Clifford were also indicted by a US federal jury in Washington, but the justice department decided to withdraw the charges so that the broader New York case could proceed. If the federal case had gone first, it would have killed the New York trial because of state double jeopardy laws.

But a justice department spokeswoman said the government still had an option to refile the charges. She said it would decide after a department review of "what happened in New York."

Some lawyers who observed the New York trial described the prosecution's case as too broad

and unfocused. They said the district attorney's office was overloading the jury with complex information that panelists would not be able to digest.

But jurors told Reuters they understood what was going on, adding the prosecutors simply did not have a case. They seemed to agree with defence attorney, Gustave Newman's closing argument that prosecutors gave them "a lot of little graphic details but of acts... volume is no substitute for quality."

Ricardo Palacio, an internal revenue service employee, said: "I was never confused, it was clear to me what was being said. This man (Altman) was innocent from the start."

Jurors said they had trouble believing prosecution witnesses who had struck deals to protect themselves.

For example, one of the prosecutions' witnesses was Sheikh Kamal Adham of Saudi Arabia, who admitted acting as one of the front men on behalf of BCCI in its secret takeover of first American. In exchange for his testimony, Adham was allowed to plead guilty last year to a misdemeanour bank fraud charge.

Deterioration of prices of precious metals highlight commodity markets

LONDON, Aug 15: Commodities markets were highlighted this week by the continued deterioration of prices of precious metals, affected by sales by European central banks and by slow buying on the part of Asian jewellers, reports AFP.

Gold fell as low as 370 dollar an ounce, bringing its drop to almost 10 per cent since the start of the month. The yellow metal was driven down by profit-taking and a calmer foreign exchange market.

Silver went back under the five-dollar-an-ounce mark, while platinum maintained itself just below the 400-dollar-an-ounce mark, as tensions in South Africa limited its decline.

Coffee, whose prices boomed up the previous week on fears of Brazilian freezes, fell by five per cent, this week since no cold snaps materialised. Uncertainties about financing plans for holding coffee off the market also encouraged operators to take profits.

As to cocoa, prospects for lower harvests among the main producers and for growth in world consumption supported prices, and the market expects a rise in the production shortfall in the coming years.

North Sea Brent crude gradually trended upward, going back up over the 17-dollar-a-barrel mark, boosted when an OPEC committee recommended freezing present production levels beyond the third quarter.

Cereals were supported by uncertainty about the quality of European harvests due to mediocre weather in northern Europe and by worries about US output because of floods.

Several metals fell to record lows on the London Metal Exchange. Tin fell to its level of 20 years earlier, while zinc and nickel reached levels last seen six years ago.

The aluminium market was disturbed by the EC decision to limit imports from the Commonwealth of Independent States, due to fear of trade frictions among the other producing countries.

Gold: Markedly lower. Gold shed more than 10 dollar an ounce this week to around 370 dollar, bringing its decline in the last two weeks to almost 10 per cent. Gold prices were hurt by liquidation, especially in the United States, and by rumours of sales by European central banks.

Gold had jumped at the start of the month as high as 409.25 dollar an ounce, its highest since September 1990, due to EMS upheavals, but it has suffered from profit-taking and a feeling that the recent run-up was overdue.

The gold market was also affected by Japanese finance ministry statistics showing that Japanese gold imports plunged by 36 per cent in July from June. The slowdown in Asian jewellers buying because of the price run-up continued to make operators nervous.

Platinum: Quiet. Platinum price were generally stable, just under the 400-dollar-an-ounce level, but the market remained nervous because of tensions in South Africa — which accounts for 70 per cent of Western supply.

Economic difficulties in Japan, the leading platinum consumer, and the depressed European auto market depressed the trend.

Silver: Lower. Silver prices hit their lowest level in a month, under five dollar an ounce, affected by speculative selling and the slowdown in buying by Asian jewellers. There were rumours the Indian government would sell large amounts of silver seized by customs authorities.

Copper: Down. Copper prices headed south due to lack of buyers because of summer holidays, high stocks, and world overproduction.

A study by Billion-Enthoven Brokers says copper availability should exceed demand by 300,000 tonnes this year. The surplus was 143,000 tonnes last year.

LME stocks rose by 9,325 tonnes to 479,925 thousand, their highest since August 1978.

Lead: Lower. Prices dipped to their lowest level in a month on a market depressed by high stocks and small prospects of industrial recovery.

The international lead and zinc study group says output of refined lead rose by 1.3 per cent to 2.26 million tonnes in the first half by comparison with the same period last year, while consumption was off 1.1 per cent to 2.21 million.

During the same period, stocks held by producers rose by 41,300 tonnes to 242,700, equivalent to 8.5 weeks consumption.

LME stocks rose by 1,025 tonnes to a new record high of 276,725 tonnes.

Zinc: Weak. Zinc prices remained depressed at around their levels of six years ago, affected by a steady decline in demand together with world overproduction.

The study group said production of refined zinc fell by 0.4 per cent to 2.72 million tonnes during the half-year because of intentional producer capacity cuts. Consumption dipped by one per cent to 2.68 million tonnes.

LME stocks were up by 10,700 tonnes this week to a new record high of 731,600 tonnes.

Aluminium: On downturn. Aluminium prices weakened on fears of trade frictions between producing countries following the EC decision to limit aluminium imports from the CIS.

The high level of world stocks and Western overproduction led analysts to say that the limitation of 60,000 tonnes on imports from the CIS over the next three months should not change the fundamental situation on the market.

They say that Russian smelters, pushed by foreign exchange needs, will now try to spin off production at low prices to other markets, especially the United States and Japan.

The President of US Group Alcoa said American producers might have to ask for the same kind of protection.

LME stocks went over the two-million-tonne mark for the first time, rising by 28,550 tonnes from the previous Friday to 2,001,050 tonnes.

Nickel: Lower. Nickel prices fell to a six-year low on the absence of concrete Chinese buying and the continued rise in LME stocks.

The market disregarded rumors that Greek producer Larco might go bankrupt. It supplies four percent of world nickel, with a production capacity of 17,000 tonnes of refined nickel a year.

LME stocks rose by 1,118 tonnes to a new record high of 103,692.

Tin: Also down. Tin prices plunged to a 20-year low, depressed by rumors of resumed Chinese exports, after several months' absence from the market.

Operators said China had exported about 3,000 tonnes in the last few weeks.

LME stocks rose by 45 tonnes to 21,390.

Coffee: Markedly down. Coffee prices, which jumped five per cent the previous week on anticipation of freezes in Brazil, nosedived as those fears did not materialise.

Meteorologists say that the expected cooling of temperatures in Brazil, the world's leading coffee producer, should indeed occur soon — but will not be enough to damage the harvests.

The coffee market also suffered from profit-taking and uncertainties on the way the producing countries will finance their retention plan.

Still, losses were limited, as operators remained cautious pending the August 16-17 meeting in Kampala of Latin-American, African and Indonesian coffee producers on a joint plan for holding down exports.

The Brazilian federation of coffee exporters said Brazilian exports of green coffee had reached a record high in July of 1.41 million bags. The increase is explained by higher demand for Brazilian coffee on the world market, in anticipation of higher consumption in Northern Hemisphere countries in the fall and winter the federation said.

Cocoa: Higher, after a weak start. Prices dipped early in the week due to a lack of buyers, but the latter were then encouraged by sterling's downturn and forecasts for a decline in the Malaysian crop.

Malaysian planters estimate that the crop might drop to 170,000 to 180,000 tonnes this year, the lowest level in six years. After fast growth in the 1980s, the Malaysian production dropped in 1991 for the first time, to 230,000 tonnes against a record 247,000 tonnes in 1990.

Sugar: Down. Sugar prices suffered from profit-taking in the wake of the previous week's gains and were affected by a feeling that world supply will not be as low as initially anticipated.

The market also declined in the absence of materialization of fears that the US market authorities would prohibit the sale of crystallised sugar, which they consider inferior quality.

The economist intelligence unit says sugar market prospects in production than in consumption. The average price should dip to 9.75 cents per pound next year, against 10.25 cents this year.

Vegetable oils: A rally, after a lower start. Prices of soabean oil, which began the week with a dip, then rallied after the downward revision by the US agriculture department of its estimate for US harvests this year. It lowered its estimate of the soyabean harvest by four percent to 51.76 million tonnes due to big floods in the midwest and drought in the US south.

While those are the first official estimates regarding crop damage, the market was relative unworried, having anticipated the drop for some time.

Oil: Higher-brent crude oil prices firmed slightly, moving back above the 17-dollar mark at the end of the week, encouraged by the recommendation by an OPEC committee to freeze production levels until winter.

Several OPEC oil ministers demanded a freeze on output at its July-September level beyond the third quarter, despite the predictable rise in demand as winter sets in, so as to mop up surplus oil and drive up crude prices.

The committee also urged OPEC members to observe their national production quotas strictly.

OPEC is to meet in Geneva starting on September 25 to decide on production levels for the fourth quarter.

Market price gains were limited by statistics published by the Middle East Economic Survey showing that OPEC output reached an average of 24.64 million barrels a day in July, up 230,000 from June. The third quarter ceiling is 23.582 million barrels a day.

Rubber: Stable. Sterling-quoted natural rubber prices are at a four-month high, encouraged by sterling's new weakness, making purchase more attractive on the London market.

Gains were held down by the absence of Chinese buying and by heavy rains in Malaysia, the world's leading producer, leading to fears of a further rise in output.

India, the fourth-biggest producer, said it would invest 27 billion rupee in its plantations over the next three years to meet growth in domestic consumption. Indian output is about 476,000 tonnes a year and its imports about 30,000 tonnes.

Cereals: Higher. Wheat and barley prices were boosted by uncertainties about the quality of European harvests due to mediocre summer weather in northern Europe, and by worries about US output following huge midwest floods.

The economist intelligence unit said world wheat production might rise by seven million tonnes in 1993-94 from the previous year, to 570 million, and remain at that level the following year but wheat prices should rise on world markets because of a lower supply of good-quality wheat in Europe and the United States, and should hit 151 dollar a tonne next year against 141 this year.

The US department of agriculture raised its estimate of world wheat output in 1993-94 to 569.66 million tonnes, against 556.5 forecast last month and 558.8 million harvested last season.