Malaysian trade surplus quadruples to $182.08m

KUALA LUMPUR, Aug 16: Export-oriented Malaysia's trade surplus in May quadrupled to 455.2 million Malaysian dollar (182.08 million US dollar) from 113.5 million dollar (45.4 million US dollar) in April, the statistics department said Sunday, reports AFP.

The May surplus, with exports amounting to 9.96 billion dollar and imports 9.51 billion dollar, was the 13th consecutive monthly surplus, the department said.

Malaysia registered a favourable trade balance since May 1992 after five years of trade deficits caused by strong increase in imports, particularly inputs required for the country's massive indutrialisation drive, officials said.

The department said that for the January-May 1993 period, the cumulative trade surplus was 2.26 billion dollar compared with the huge deficit of 2.23 billion dollar registered during the corresponding period of 1992.

Manufactured goods and machinery and transport equipment comprised about 70 per cent of the Malaysian exports in May, the department said.

Malaysia's major trading partners are Japan, the United State, Singapore, Taiwan, Germany, South Korea, United Kingdom and Hong Kong.

Suharto vows to turn Indonesia into newly industrial state

JAKARTA, Aug 16: President Suharto today pledged to turn Indonesia into a newly industrialised country within a quarter of a century, reports AFP.

In his state-of-the-nation address to Parliament he said: "By the end of the second long term development programme we want to raise Indonesia's per capita income by more than four times from its present level.

"This is equivalent to a per capita income of the newly industrialised countries," he added.

Indonesia's current income per capita stands at 675 US dollar.

In April 1994, Indonesia will start its sixth five-year development plan and will embark on its second 25 year development plan.

Suharto said if the agriculture sector grew by an annual 3.5 per cent in the next five years, the processing industry by over nine per cent and the service sector by about 6.5 per cent, Indonesia's per capita national production could exceed 1,000 dollar by end of the century.

"Although this target is quite ambitious, it is within our ability to reach", Suharto said, adding that all it required was hard work, diligence and the mobilisation of all available forces.

Suharto said that to achieve that goal, the country's economic growth at the start of the sixth five-year development plan in 1994 must stand at least at six per cent annually.

The government, he said, emphasized the industrial sector as the economic motor which would help solve urgent socio-economic problems, including unemployment and poverty.

Dollar down against major Euro currencies

LONDON, Aug 16: The US dollar fell against most other major currencies in early European trading Monday. Gold prices rose, reports AP.

In Tokyo, the dollar fell to a new record low of 101.25 yen down 1.5 yen from Friday's close. Later in London, the dollar was also quoted at 101.25 yen.

Other dollar rates compared with late Friday:

1.7065 German mark, down from 1.7105

1.5225 Swiss franc, down from 1.5265

6.0455 French franc, down from 6.0552

1.9228 Dutch guilder, down from 1.9265

1,626.00 Italian lire, up from 1,622.50

1.3135 Canadian dollar, down from 1.3148

In London, the British pound was quoted at 1.4625 dollar, up from 1.4605 dollar late Friday.

London's major bullion dealers fixed a recommended gold price of 373.50 dollar per ounce at mid morning, up from 368.40 dollar bid per ounce late Friday.

In Zurich, the bid price was 373.00 dollar up from 368.50 dollar late Friday.

In Hong Kong, gold rose 3.03 dollar to close at a bid 372.79 dollar.

Silver traded in London at 4.60 dollar a troy ounce, unchanged from Friday.

Elderly Somali women and children go to get their last allocation of free food from the international aid groups on Monday in Mogadishu. Starting next Saturday (August 21), Somalis will move on to a "food for work" system.

—AFP photo

GATT move to pressure govts for trade liberalisation pact

GENEVA, Aug 16: In a change of tactics, the main world trade organisation has turned to the public to pressure governments to wrap up a long overdue trade liberalising pact, reports AP.

In a report released Monday, the General Agreement on Tariffs and Trade said government policies keep prices on products like food, clothing and cars artificially high and increase taxes.

"It is high time that governments made clear to consumers just how much they pay for decisions to protect domestic industries from import competition," said GATT Director General Peter Sutherland.

"The effects of protection almost always fall most heavily on the poorest sections of society," he said, "It is they who ... have to spend the highest proportion of their household budget on necessities like clothing, footwear and basic food products. It is exactly in these areas that protection is most common and intense."

GATT's Uruguay Round of trade talks are aimed at cutting import duties by one third, reducing protection for agriculture and textiles, and easing restrictions on global trade in services like banking and insurance.

The Uruguay Round package would expand the world economy by an estimated 200 billion dollar annually, but would mean sacrificing the interests of protected domestic industries, which usually have powerful political lobbies.

More than 100 governments taking part in the talks originally pledged to sign the agreement by the end of 1990. Despite numerous declarations of support, they have missed a string of deadlines. The next target is Dec 15.

Until now, GATT has sought to convince governments and businesses of the benefits of the trade liberalizing deal. In the new report, it tries to cut through the jargon and explain those benefits directly to consumers.

Examples listed by GATT in the report, which is based on the organization's own research and independent studies, include:

— Textiles and clothing. Import quotas and tariffs cost a four-person household in the United States up to 420 dollar per year, in Canada 220 dollar per year and in the United Kingdom about 130 dollar per year.

— Electronics. Video recorders, televisions, compact disc players are often subject to high import barriers. These restrictions cost consumers in the European Community an estimated 1.3 billion dollar per year.

— Cars. American and European restrictions against Japanese imports both cut the choice of cars and increase the price. One study showed Japanese cars in Britain were 70 per cent more expensive than in Japan.

— Rice. Japan has a ban on imports to protect domestic farmers. Rice costing 45 dollar to 50 dollar per 100 lbs in the United States sells for 175 dollar to 250 dollar in Japan.

— Sugar. Subsidies to protect the US sugar industry has nearly doubled prices for American consumers.

The report cites estimates that government protection of agriculture cost individual consumers in the United States 360 dollar per year, in Japan 600 dollar, in Switzerland 840 dollar and in Finland 910 dollar.

GATT said that money spent — on tariffs, quotas, subsidies and other measures — to protect jobs in inefficient industries would be put to better use in retraining affected workers.

The protection cost per job is usually far greater than the wage the worker earns, it said.

It said in the United States the cost of saving a single job in the garment sector was estimated at between 36,000 dollar and 82,000 dollar.

"Another study in the United States showed the costs per job saved at 240,000 dollar in the orange juice industry, at 135,000 dollar in the ceramic tiles industry, at 420,000 dollar in the colour TV sector," it said.

Baghdad accuses Riyadh of seeking to lower oil prices for US

BAGHDAD, Aug 16: The Iraqi press on Sunday accused Saudi Arabia of seeking to lower oil prices in exchange for US military protection reports AFP.

The official Daily Ath-Thawra, organ of Iraq's governing Baath Party, charged that "the policy of Saudi Arabia's ruling Al-Saud family aims at flooding the oil market to lower crude prices and serve the United States.

"The Al-Saud family has resorted to Washington for protection," but "many thrones have tumbled following popular uprisings or revolutions without foreign powers being able to do anything," it said.

The Sauds, just like Kuwait's ruling Al Sabah Family, "play the game of treason by lowering crude prices and by wasting Arab wealth in the hope of protecting their throne," charged Ath-Thawra which predicted their fall "like all traitors."

On August 10, an OPEC committee called for oil production to be frozen at existing levels beyond the third quarter in order to boost depressed prices and help restore market balance.

Iraq, which produced more than three million barrels a day before the UN slapped an embargo on it in August 1990 — following its invasion of Kuwait — and which boasts the second largest wordwide reserves after Saudi Arabia, has demanded the sanctions be lifted.

Senior Iraqi officials are expected to discuss the issue at UN headquarters in New York at the end of August or beginning of September.

The United Nations has proposed that Iraq sell 1.6 billion dollar worth of oil to pay for needed food and medicines, but negotiations have stalled.

China iterates commitment to restructure real estate

BEIJING, Aug 16: China reasserted Sunday its commitment to restructuring the real estate sector and curbing unproductive luxury projects that have been blamed for fueling high inflation, reports AFP.

Strict limits have been but on the construction of economic development zones, villas, luxury hotels and holiday villages with limited market potential, Xinhua said, while resources are to focus on projects complimentary to key state construction schemes and on apartments in urban areas.

Authorities in charge of real estate have stopped providing land for horse-racing tracks and golf courses, it said, adding new rules required developers to build a certain quota of reasonably priced urban apartments.

Local authorities have meanwhile launched a comprehensive review of all real estate agencies and promulgated rules to regulate market activities and end speculation, it said.

The report came as the deadline arrived Sunday for banks to recall all unauthorised property loans.

The number of luxury projects in China has mushroomed over the past year, soaking up funds needed for key infrastructure improvement and fueling surges in the price of raw and building materials.

Inflation is now running at around 20 per cent in major cities.

Investment in real estate totalled 73.2 billion yuan (12.7 billion dollar) in 1992, the agency said, adding projects used up an area of 23,300 hectares (57,551 acres) of land. Between January and May real estate sales rose 21.6 per cent and the floor area of new projects more than doubled over the same period in 1992, it said.

India's export earning zooms to $ 5.12b in first qtr of last fiscal

NEW DELHI, Aug 16: India's exports have surged dramatically in a sign that industry is looking increasingly outward as it emerges from a domestic recession, taking advantage of a weaker and free-floating rupee, reports AFP.

Trade data for April-June, the first quarter of the fiscal year, shows that export earnings had zoomed 27.76 per cent to 5.12 billion dollar over the first three months of the previous financial year.

Imports dropped 2.66 per cent to 5.42 billion dollars, disproving fears of a flood of overseas products resulting from lower import tariffs and cutting the trade deficit from 1.5 billion to 301 million dollar.

The federation of Indian Export Organisations called the export performance, albeit over the depressed earnings of April-June 1992, "Remarkable."

It is "One of the most encouraging features of the current economic scene," the observer of business and politics commented.

The upward trend, which started in February and March when India enjoyed a trade surplus, is cause for hope that the export target of 22 billion dollar in fiscal 1993-94 may even be exceeded, the daily said.

The ambitious target announced in June represents a 20 per cent jump over the export performance in 1992-93, when overseas sales grew by a dismal 3.61 per cent and the deficit doubled to 3.3 billion dollars.

Exports of many products, including iron ore and drugs, plunged, partly because of lost markets in the erstwhile Soviet Union.

Finance Minister Manmohan Singh floated the rupee in February, throwing away a system that forced exporters to exchange 40 per cent of their earnings at a lower officials rate in a virtual tax on their turnover.

Reduction of duties on export-related imports added speed to the export drive, which began in July 1991 when the government devalued the rupee by a hefty 18.8 per cent, increasing exporters' profit margins.

"All these measures are now beginning to pay dividends," said J C Srivastava, an international trade analyst at the Federation of Indian Chambers of Commerce and Industry.

"The export growth is a major achievement of the liberalisation process," Srivastava said in an interview. "The environment has become export-friendly, government machinery more receptive and responsive."

Industry says one reason for the sharp rise in overseas sales in that domestic demand has stagnated and competition increased, forcing it to explore overseas markets.

"There is a recession in the country. When you can't sell at home, you have to look outwards," said Srivastava. "But the outward approach is also a part of our globalisation effort."

The government has not released details of different sectors but the analyst credited the surge to textiles, engineering goods, computer software and consumer electronics, pharmaceuticals and agricultural products, gems and jewellery.

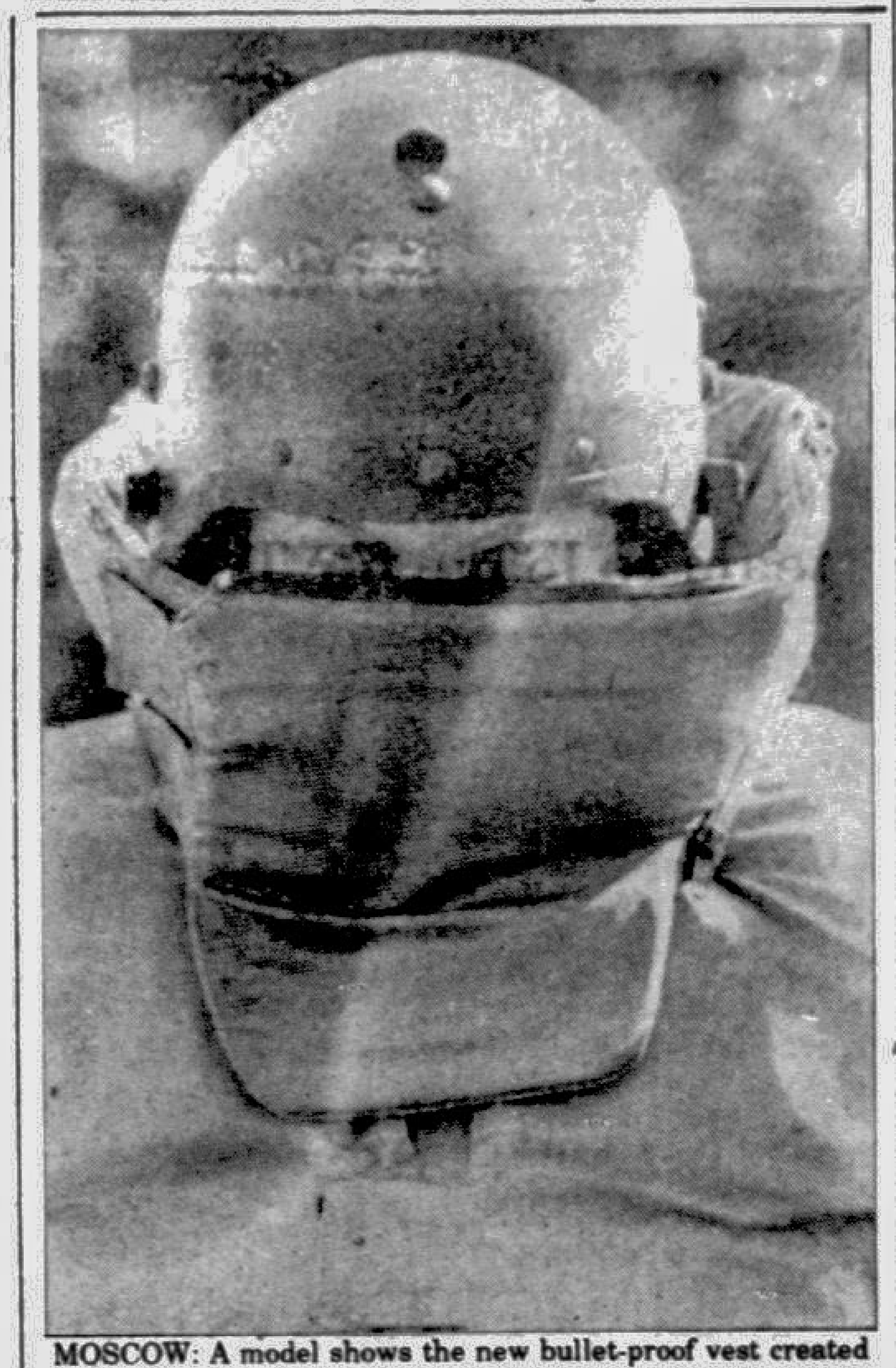
Firms manufacturing products ranging from denim to motorcycles are gearing for a major export thrust, expanding production, setting up export-oriented units and joint ventures and opening marketing offices abroad.

They are identifying and scouting markets, toning up quality control and developing brands suited to buying countries.

Luggage maker VIP is designing a range for Europe and television manufactures BPL has tied up with a European firm to pick up consignments of TV sets it is marketing in the continent.

Motorcycle firm Hero-Honda has ventured into Africa, even training rural mechanics to service its products. United breweries plans to market a range of spirits in Britain with brand names chosen to evoke memories of colonial rule.

Such efforts are heartening for the government, which stressed in a recent report that "rapid export growth is the only sure way of achieving self-reliance" to finance imports without taking loans.



MOSCOW: A model shows the new bullet-proof vest created by the Russian steel research institute "Staly" in Moscow on August 15 with a weight of 40 kilos, the vest provides full all-round body protection from automatic assault weapons such as the AK-47 and the M-16 rifle. — AFP photo.

China plans to issue Hong Kong currency

BEIJING, Aug 16: The Bank of China plans to issue Hong Kong dollar 3-6 billion worth of the territory's currency next May as Beijing prepares to take over the British colony, official reports said Monday, reports AP.

Currently, only Hong Kong and Shanghai Banking Corp and Standard Chartered Bank issue currency in the territory. But the Hong Kong government early this year gave permission to the Bank of China, China's main foreign currency bank.

Huang Diyan, head of the bank's Hong Kong and Macao department, said the bank has completed all the necessary legal procedures and technical preparations are going smoothly.

He said the bank's first issue of Hong Kong currency would be relatively small, but said more notes would be issued in the future.

Hong Kong Bank, which issues about 87 per cent of the colony's currency, said currency in circulation at the end of last year totaled about Hong Kong dlrs 50.6 billion.

One Hong Kong dollar is worth about 13 cent.

The official China Daily said the currency issue "is a reflection of sovereignty," and said it would boost Hong Kong residents' confidence in the 1997 transfer of power to China.

Huang said the Bank of China also plans to issue Macao currency, but did not give any details. The Portuguese enclave returns to Chinese rule in 1999.

OPEC warns of price fall

NICOSIA, Cyprus, Aug 16: In a confidential report, an OPEC committee has warned that oil prices will continue to fall unless the cartel's members stop overproducing, the Middle East Economic Survey reported Monday, reports AP.

The newsletter, published in Cyprus, said the report was circulated by the committee that monitors quota compliance, after a meeting in Vienna on Aug 10.

The committee said declared production by members of the Organization of Petroleum Exporting Countries exceeded the official ceiling of 3.58 million barrels a day by 924,800 barrels a day in July.

Under a technical measure that OPEC calls "supply"— which takes into account stock changes and certain other variables—the excess amounted to 671,200 barrels a day, the committee said.

The newsletter itself estimated that OPEC's total crude output for July rose to more than 24.8 million barrels a day, or more than 1.2 million barrels a day over the ceiling.

It said Iran accounted for some 30,000 barrels a day of over production and Kuwait another 300,000, with the remainder spread among other OPEC members.

As a result of "Persistent overproduction " since March, extra stocks of oil estimated at 118 million barrels have developed the OPEC reports was quoted as saying.

Oil routinely is stocked to cope with short-terms variations between supply and demand, but such a large "Stock overhang" is regarded by market watchers as tending to depress prices.

US dollar drops to an all-time low against yen

HONG KONG, Aug 16: The US dollar fell to an all-time low against the yen, as dealers bought up the Japanese currency despite Bank of Japan attempts to support the Greenback, reports AFP.

Investors continued to rely on the yen over unstable European currencies weakened by last week's European Monetary System crisis.

In South Korea, President Kim Young Sam's move against anonymous financial transactions sent the won plunging against the dollar.

Japanese yen: The yen surged to a new all-time high of 101.80 yen Friday before closing the week at 102.40 yen against the dollar, up 1.95 yen from the 104.35 finish a week earlier.

After opening at 104.47 yen, the local currency rose on expectations the United States was likely to support the yen's rise as Japan's Prime Minister Morihiro Hosokawa failed to reveal specific measures to trim Japan's swollen trade surplus.

Australian dollar: The Australian dollar joined the US dollar in sliding to record lows against the Japanese yen this week, dipping to 69.15 after touching 68.64 yen in Friday trade.

The local unit was 70.95 yen at the end of last week.

The currency finished the week at 67.75 against the US dollar from 68.10 last week.

Hong Kong dollar: The local currency ended the week trading at 7.753—7.754, against the US dollar compared to 7.753—7.754 the previous week, the effective exchange rate index was 112.4 against 112.2 a week ago. The currency is pegged to the US dollar and moves only in a very narrow range.

Money dealers flash signs in the morning session of the Tokyo's foreign exchange market on Monday. The dollar opened at a new low of 101.57 yen, down 0.83 yen from the previous trading day's record low finish of 102.40 yen.—AFP photo

Indonesian rupiah: The Indonesian currency was at 2,095 rupiah to the dollar on Monday, the same rate it closed at the previous weeks.

The rupiah weakened to 2,096 on Tuesday and further to 2,097 on Wednesday but strengthened the rest of the week before closing at 2,096 Friday.

Malaysian ringgit: The ringgit ended the week marginally lower against the dollar but weakened substantially against the rising yen in tight-ranged trading.

The local currency finished Friday at 2.5525 against the Greenback, compared to 2.5503 last week. But it fell sharply to 2.4915 against the yen from 2.4370 previously.

New Zealand: The new Zealand dollar closed Friday at 55.16 US cent compared with its close last Friday at 55.02.

It gained nearly a cent against the Australian dollar in trading Friday but lost ground on the US dollar and the yen.

It is surprising it wasn't weaker given the fall in the Aussie overnight, a dealer said, adding there had been some switching from the Australian dollar to the Kiwi over the past two days.

Philippine peso: The Philippine peso appreciated slightly to 27.925 to the dollar this Friday from 27.964 August 6 after the central bank began selling dollar heavily in order to shore up the peso against speculation.

The bank also raised interest rates slightly in an apparent attempt to mop up excess peso.

Singapore dollar: The Singapore dollar firmed against the US dollar at an exchange rate of 1.6087 compared to last Friday's level of 1.6170.

Dealers said the Greenback saw little activity here this week as the Yen-US dollar rate movement occupied the attention of traders.

South Korean won: The South Korean unit weakened further against the dollar during the week to close at 809.20 won, down from the previous week's close of 808.20 win.

The Greenback, normally trading at 820 won, rose abruptly to as high as 860 won after a presidential decree on late Thursday banned the use of aliases for opening bank accounts.

Taiwans dollar: The Taiwan currency declined slightly to close Friday at 26.95 to the US dollar on light trading, down 1.1 Taiwan cent from the previous week's finish of 26.939.

Thai baht: The Bank of Thailand's exchange equalisation fund Friday fixed the official mid-rate at 25.19 baht to the dollar, compared with the previous week's close of 25.21.

Norway's commercial whaling protested

SYDNEY, Aug 16: An Australia-wide boycott of Norwegian fish products was launched here today by Greenpeace and a group of celebrities as a protest against Norway's decision to resume commercial whaling, reports AFP.

Consumers are being urged to 'read the can and join the ban' in protest against Norwegian whalers, who had killed almost 300 minke whales in the past seven weeks, Greenpeace whale campaigner Juan Soto said at the launch.

While 136 were killed under the guise or scientific research, 160 were taken in commercial catches in contravention of an International Whaling Commission (IWC) ban on commercial whaling, Soto told the gathering.

Australia imports at least 900 tonnes of Norwegian canned and preserved fish products, worth more than 600 million Australian dollar (408 US dollar) a year, Greenpeace says.

Soto said consumers in Australia alone could have a significant impact on the Norwegian government and through joint action with other countries could dent in Norway's export economy.

Since Norway announced last year its resumption of commercial whaling, it had lost at least 58.5 million dollar in export revenue and tourism income.