Israel looking to economic benefits of autonomy pact with Palestinians

JERUSALEM, Sept 2: Israel is already looking to the economic benefits of the autonomy pact with the Palestinians, although in the short term a supplementary budget will have to be voted to implement the accord, reports AFP.

"After a hundred years of war with the Palestinians, we will live in a different state, with a much better economy," Finance Minister Avraham Shohat said.

The Prime Minister's office announced Tuesday after the cabinet approved a 40-billion dollar budget for next year that an extra budget would now be required.

As details of the historic agreement emerged, Israel's stock exchange shot up 2.46 per cent on Tuesday with dealers predicting that a flood of foreign aid for the occupied territories would filter through to the Israeli economy.

Any development in Gaza or Jericho, where autonomy is set to start a month after the agreement is signed, could be guaranteed to generate business in Israel.

Prime Minister Yitzhak Rabin has voiced hopes that the agreement will be signed this week at the Middle East peace talks in Washington.

Shohat explained to reporters that in the short term Israel would gain from a cut in defence outlays as daily military activity is reduced, but that the redeployment of the army and relocation of bases would involve significant sums.

Officials said it was too early to give figures.

For the time being, the 1994 budget — 115.5 billion shekel compared with 107 billion shekel last year — would be followed until a clear timetable for autonomy was fixed, Shohat said.

Bank of Israel Governor Jacob Frenkel said the accord would drastically reduce security expenditure and boost the economy, but money would have to be raised abroad to finance implementation.

"In the long term any peace agreement and stability will offer a great deal to the Israeli economy by way of investment and industry as well as for tourism".

The Yediot Aharanot newspaper, the biggest selling daily in Israel, said in an editorial Wednesday: "The accord is an unprecedented, rising economic tide for Palestinians and Israelis equally."

It predicted that after extra defence spending the benefits would begin to be felt by 1996.

The draft agreement between the Palestine Liberation Organisation and Israel goes into great detail 'on the economy and covers the setting up of a Palestinian electricity authority, a Gaza sea port authority, a development bank, an export promotion board and other bodies.

An Israeli-Palestinian economic cooperation committee is to be established and Shohat said his ministry director-general Aharon Fogel was already preparing recommendations to put to the committee.

The accord also suggests a "marshall plan" should be worked out for the territories, recalling the massive US, aid poured into Europe after World War II.

It calls for the G-7 leading industrialised countries to launch a' huge development programme for the nearly two million Palestinians living in the territories with active participation by Arab states and the private sector.

Israel's military administration published its budget for the first time this year saying it would spend 294 million dollar on the Palestinians this year.

Palestinian businessmen estimate that Israel levies between 550 million and 600 million in taxes from the Gaza Strip, one of the least developed areas in the world, and West Bank.

According to the United Nations Development programme the gross national product for the territories is about three billion dollar compared to 60 billion in Israel.

Per capita GNP in 1990 was 1,400 dollar on the West Bank and 780 in Gaza.

DPRK offers ROK to barter goods for food

SEOUL, Sept 2: North Korea, anticipating bad crops this year, is making new requests to South Korean firms to barter goods for food, a government trade organisation said Thursday, reports AP.

The state-run Korea Trade Promotion Corp said several South Korean companies abroad have recently been approached by North Korean officials for a raw materials for grain exchange.

South Korea is a major importer of North Korean iron, gold, zinc, and other raw goods, with two-way trade for 1992 at 250 million dollar.

Customs-cleared trade between the two Koreas in the first half of 1993 is 95 million dollar. Most of trade between the rival Koreas is through third countries, including Hong Kong, Singapore and Japan.

"Requests to barter goods for food have been coming in since the end of 1992 but they have recently made new requests," said one corporation official, speaking on condition of anonymity.

The official said the North Korean move appears to be related to anticipated bad crops caused by unusually cool weather that hit much of Asia.

Agricultural experts predict poor harvests for much of Northeast Asia, with North Korea expected to lose as much as 30 per cent of its crop, if temperatures remain low throughout September.

Since early May, average temperatures across the Korean Peninsula have been two degree Celsius (3.6 F) lower than in previous years.

Seoul government officials said South Korea's rice production this year is expected to be more than seven per cent below last year's 5.3 million tons.

Koirala under fire for borrowing $280m more

KATHMANDU, Sept 2: Opposition MPs have strongly criticised the government for taking in more foreign loans than parliament had authorised it to borrow, parliamentary official said Wednesday, reports AFP.

The government of Prime Minister Girija Prasad Koirala borrowed 1.7 billion dollar from the World Bank, the Asian Development Bank and other creditors, exceeding the limit of 1.42 billion dollar set by parliament, the officials said.

The opposition MPs — including members of the Nepal Communist Party-United Marxist and Leninist (NCP-UML), the rightist National Democratic Party (NDP) and left-wing MPs said the government had violated the country's constitution by exceeding the loan level.

Nepal's fiscal year ended June 15.

However, Minister of State for Finance Mahesh Acharya denied the allegations.

"The government did not violate the provision of the related law while taking foreign loans," parliamentary officials quoted him as saying, adding that he blamed the difference on the depreciation of the Nepalese currency against the dollar in the past two years.

But opposition MPs rejected the explanation, saying Acharya was misleading parliament regarding foreign loans.

Acharya told parliament that the government had already put forward a foreign loan amendment bill that would put the ceiling at rupee 100 billion (2.04 billion dollar) instead of the present provision of rupee 70 billion (1.42 billion dollar), the officials added.

Drug trafficking

Ex-central banker in Colombia jailed

BOGOTA, Sept 2: Justice authorities yesterday sentenced Carlos Ossa Escobar, a former member of Colombia's powerful central bank board, to two days' imprisonment following his arrest at Bogota airport for carrying marijuana, reports Reuter.

Ossa, one of the country's most prominent economic figures, was travelling to Caracas on May 31 for a meeting with Venezuelan central bank officials when police searched his luggage and found a small quantity of the drug.

Ossa at first vowed to stay on in his post and claimed he had done nothing wrong but subsequently resigned.

After being informed of the two-day sentence on Wednesday, Ossa protested, saying that he disagreed with the decision but would accept it and headed straight for a jail to be able to get out before the Colombia-Argentina (world cup soccer) match.

A Palestinian refugee in Ain Helwe refugee camp in south Lebanon, Youssif Saftawi, who fled in 1967 from east-Jerusalem, shows Wednesday documents for property belonging to him in Jerusalem, and wonders what will happen to his property following the Israel-Palestinian agreement. — AFP photo

Delhi defends cut in lending rate

NEW DELHI, Sept 2: India's cut in the minimum lending rate, announced earlier, will help stimulate industrial output and employment growth, the government said, reports Reuter.

In a statement, the government said the cut in the minimum lending rate to 15 per cent from 16 per cent, effective on Thursday, had been decided following a fall in inflation over the past few months.

It said the cuts in lending and deposit rates "should help stimulate more production and employment growth in the economy."

It gave no projections for the expected impact on growth.

It was the third cut in the minimum lending rate this calender year, following cuts of one percentage point in both February and June.

Massive tree plantation plan underway in Joypurhat

JOYPURHAT, Sept 2: A massive tree plantation programme to plant fifty lakh saplings is underway in the district during the current season, reports BSS.

Fifteen lakh saplings have already been planted in the district, official sources said.

Divisional Commissioner of Rajshahi M Aminul Islam addressing a function here Sunday in this connection, said one could easily earn Taka 20 thousand after 20 years of planting sapling of quality tree. It is like investing money in an insurance policy, he added.

The commissioner called upon the people to actively participate in tree plantation programme to save the northern region from desertification and also to help maintain ecological balance.

Malay tin prices plunge to record low

KUALA LUMPUR, Sept 2: The price of tin on the Kuala Lumpur Tin Market (KLTM) plunged to an all-time low Wednesday due to poor demand and a prolonged glut of the metal as a global export outback scheme hangs on the balance, reports AFP.

"The market is really going crazy and this spells more trouble for the industry," warned Redzwan Sumun, Executive Secretary of the Association of Tin Producing Countries (ATPC).

Tin prices fell sharply by 31 Malaysian cent (about 12 US cent) to close at a record low of 11.9 Malaysian ringgit (4.67 US dollar) a kilo (2.2 pound), rewriting the previous all-time low of 12 ringgit (4.80 US) on Friday.

Amid the metal's lacklustre performance, an ATPC ministerial meeting has been scheduled for October 25-26 here to discuss the fate of the association's global scheme to control supply aimed at bolstering prices, Redzwan said.

"The ATPC executive committee will thrash out the pros and cons of continuing the scheme before the ministers make the final decision," said Redzwan, adding that more mines face the prospect of closure due to the depressed prices.

"Current prices are way below the cost of production of 15 ringgit per kilo and mines that have been chugging along all this while may also have to close shop, "Redzwan said.

The ATPC has been adhering to the scheme since 1987 with the aim of depleting global excess stocks to 20,000 tonnes by the end of this year.

The global stock overhang at end of last year was still 38,200 tonnes, nearly double the target set under the scheme.

ATPC officials said the excessive stocks were primarily due to dumping by the United States and increased exports by producers not under the ATPC umbrella, including Russia and Peru.

The ATPC comprises Australia, Bolivia, Indonesia, Malaysia, Nigeria, Thailand and Zaire and observers China and Brazil. They account for 75 per cent of global tin production.

EC holds full debate

BRUSSELS, Sept 2: The European Commission held its first full debate yesterday on how to take the European Community into the next millennium with fundamentally lower unemployment and a solid basis for economic growth, reports Reuter.

With barely three months to produce a white paper on entering the 21st century for the EC summit in December, the commission began with presentations on the community's loss of competitivity, the importance of finishing the current round of world trade talks, and the need to improve labour market flexibility, a commission spokesman said.

Economic affairs commissioner Henning Christophersen told the meeting — the first since the end of the August recess — that the 12-nation bloc had steadily lost its competitive edge and been worse at creating jobs than either the United States or Japan, even in times of economic boom.

Trade Commissioner Sir Leon Brittan highlighted the growing economic interdependence in the world, and in particular the importance of finalising the eight-year-old Uruguay Round of talks under the General Agreement on Tariffs and Trade in order to inject new blood into world commerce.

Kuwait to lean on general reserves to finance $ 4.07 b deficit budget

KUWAIT, Sept 2: Kuwait said it will lean on its general reserves to finance a 1993 /94 budget deficit of 4.07 billion US dollar which was approved by Parliament yesterday, reports Reuter.

Finance Minister Nasser Abdulla Al-Rodhan said the deficit, down by a third from 1992/93 levels, will be financed primarily by the states general reserves.

"We are not thinking about external borrowing at the moment. We can cover the deficit with revenue from our reserves, Rodhan told Reuters. He did not rule out internal borrowing.

The budget, which won 34 of the 37 votes cast, projects a deficit of 1.233 billion dinar (4.07 billion US dollar) in the financial year beginning July 1,1993.

Revenues, based largely on oil production estimated at 1.8 million barrel per day (BPD), are projected to increase 22 per cent to 2.419 billion dinar (8.04 billion US dollar) from about 2.00 billion dinar in 1992/93, when the oil infrastructure was still being repaired.

Kuwaits' oil industry was devastated by the Iraqi occupation of the emirate following the August 1990 invasion. Iraqi troops blew up well-heads and refineries as they were expelled from Kuwait by the US led allies at the end of February 1991.

The emirate is currently producing around 1.9 million BPD.

The budget, which needs the approval of the Emir Sheikh Jaber Al-Ahmad Al-Sabah, sees expenditure dropping to 3.937 billion dinar (13.09 billion US dollars) from an estimated 4.0 billion dinar (13.3 billion US dollars) in 1992/93.

Members of Parliament, many of whom had been pressing for greater cuts in expenditure, said the government had imposed its own vision of the budget on the opposition-dominated 60-member parliament.

The government expects to set aside 271 million dinar (901 million US dollar) in 1993/94 in allocations to the fund for future generations — Kuwait's hedge against the day its oil runs out.

By law 10 per cent of revenue goes to the found, which comprise most of the emirates overseas assets.

Indian bankers observe strike, ONGC workers stage protest day

NEW DELHI, Sept 2: Employees at government owned banks went on strike Thursday to demand better wages and benefits and to protest reforms aimed at attracting more foreign banks of India, reports AP.

Few of the state-owned banks closed, but the strike by nearly all their employees slowed down their business.

The one-day strike called by the Joint Action Committee of trade unions in the financial sector did not affect the nation's many foreign banks or its central Reserve Bank of India.

The public-sector banks are losing business to the foreign banks that already operate in India and offer customers more efficient and modern services, said a top official of the Reserve Bank of India, speaking on condition of anonymity.

The Reserve Bank is the only one in the government sector that has managed to install computers, which many bank unions oppose because they fear they will lead to layoffs. People trying to withdraw money from their accounts must spend at least 30 minutes doing that at state banks and only a few minutes at foreign banks. Which offer the only automatic teller machines in India.

Reuter report adds: Nearly 25,000 workers at India's Oil and Natural Gas Commission (ONGC) staged a one-day protest on Wednesday against the hand over of oil fields for exploration by private companies, labour leaders said.

Japan's gold, foreign exchange reserves jump to $95.4b in Aug

TOKYO, Sep 2: Japan's gold and foreign exchange reserves jumped 8.8 billion dollar from the end of July to a four-year high of 95.4 billion dollar at the end of August, the Finance Ministry said Wednesday, reports AFP.

The announcement appeared to confirm a report Wednesday that The Bank of Japan bought a record 8.5 billion dollar through market intervention last month in a bid to halt the yen's record shattering surge against the dollar.

The country's reserves are now at their highest level since May 1989, a month after they reached an all-time high of more than 100 billion dollar.

The latest monthly increase, however, falls short of the record jump of 10.2 billion dollar in April 1987 which accompanied the yen's surge in the wake of the louvre a accord between the Group of Seven industrialised nations two months earlier.

It also falls short of the increase of 9.2 billion dollar in January of the same year.

Japan meanwhile separately resumed its position as the world's biggest holder of gold and foreign exchange reserves for the first time in three and a half years when its reserves rose to 86.4 billion dollar in June, reportedly displacing Taiwan's holdings of 84.7 billion dollar.

The report in the Nihon Keizai Shimbun said dollar purchases through central bank intervention in August exceeded the previous record of 7.5 billion dollar in March 1987.

The Bank of Japan's dollar purchases from April to July came to 16 billion dollar, boosting the total for the five months to August to almost 25 billion dollar, the newspaper said, adding that total dollar-buying intervention this year could surpasses the record 87 billion dollar spent in 1987.

Japan's holdings of gold and foreign exchange reserves almost doubled during that period, climbing from 42.2 billion dollar at the end of 1986 to 81.5 billion dollar at the end of 1987.

Move to evacuate Thai workers from Libya

BANGKOK, Sept 2: The Thai interior ministry will seek a budget from the government's central fund to prepare for the possible evacuation of some 25,000 Thai workers from Libya, Radio Thailand reported today, says Xinhua.

The United States on Monday urged Thailand to bring back all Thais working in Libya's chemical and nuclear plants as well as to prohibit Thais from going to work in that country.

A shop assistant sits with a locally made 4 kilogram 24 carat gold lion-dragon worth just under 1 million HK dollar (1,30,00 US dollar) at Hong Kong's biggest Jewelry fair yesterday. For the second year in a row thieves stole diamond rings worth 500,000 HK dollar (64,000 US dollar), despite extra security measures following the theft of diamond worth more than 400,000 US dollar lst year. — AFP photo.

Russian coal-miners to stage one-day strike Monday

MOSCOW, Sept 2: Russian coal-miners will stage a one-day "warning strike" Monday to dramatize their demand that the government make good on promised wages and industry subsidies, a union leader said Thursday, reports AP.

The miners will then be "on full strike readiness until the government meets its obligations," said Vitaly Budko, head of All-Russia Miners Union, which says it represents about 95 per cent of Russia's one million miners.

Miners exercised their political clout in the spring of 1991 in a strike supporting President Boris Yeltsin in his feud with Soviet President Mikhail Gorbachev. The strike helped weaken the Soviet government, which collapsed later that year.

In 1992, after Yeltsin had launched his painful market reforms, miners staged a series of brief strikes, winning higher wages and subsidies to support the huge, money-losing coal industry.

Budko said miners have no political demands this time.

"Our claims are not related to politics," he said in a telephone interview. "They are purely economic."

Vice President Alexander Rutskoi arrived in the Vorkuta mining region in far northern Russia Wednesday.

Miners s' strike paralyses coal industry in Australia

SYDNEY, Sept 2: Australia's coal industry came to a standstill today after 20,000 miners began a five-day strike in protest at what they see as "suicidal" price-cutting by mine owners in trade with overseas buyers, reports AFP.

More than 100 mines, mostly in the eastern states of New South Wales and Queensland, were forced to close from midnight Wednesday in a stoppage the owners claim will cost the industry 170 million dollar (114 million US) dollar.

The United Mine Workers (UMW) Union argues that not only should the mine owners refuse to accept price cuts demanded by buyers in Japan and other countries, but that prevailing market conditions would support a price rise.

"Companies keep cutting prices despite the international market justifying an increase in prices and then come to us and demand wage cuts or productivity improvements to help bail them out," UMW President John Maitland said Thursday.

Clinton admn cuts estimate of US economic growth

WASHINGTON, Sept 2: The Clinton administration on Wednesday sharply cut its estimate of US economic growth this year and next and predicted low interest rates and low inflation through most of the decade, reports AP.

In its mid-session review of the budget, issued six weeks late, the administration said the gross domestic product — the sum of all goods and services produced in the United States — will grow at an inflation-adjusted two per cent rate this year, improving to a three per cent rate in 1994.

In February, when President Clinton introduced his budget and economic package, the administration had been calling for 3.1 per cent growth in the GDP this year and 3.3 per cent next year.

"The economy at mid-year looks slightly weaker than it did last winter, although the basic prognosis for slow but steady expansion with low inflation remains unchanged," said the document, which was sent to Congress by Budget Director Leon E Panetta.

The administration blamed roughly a third of the reduction in the 1993 forecast and all of the reduction in the 1994 forecast on Congress failure to pass the president's proposed 30 billion dollar economic stimulus package. Senate Republicans, who considered it unnecessary spending, blocked it.

Wednesday's revised forecasts took into account the five-year, 500 billion dollar budget deficit-reduction programme enacted last month, but it did not make any assumptions about the effects of the health care reform measure Clinton is expected to propose.

The administration is projecting a 285.3 billion dollar deficit for the 1993 fiscal year ending Sept 30, down from the 309.7 billion dollar projected in April, which would have exceeded the 1992 record of 290.2 billion dollar.

The revised projection shows the deficit declining steadily through 1996: 259.4 billion dollar in 1994, 200.4 billion dollar in 1995 and 179 billion dollar in 1996. It then rises to 184.3 billion dollar in 1997 and 181 billion dollar in 1998.

In its old projection, the lowest the deficit was expected to get over the period was 298 billion dollar in 1996 and it was projected to balloon to 387.7 billion dollar by 1998.

As a percentage of the economy, the deficit should decline from 4.6 per cent this year to 2.2 per cent in 1998, the report said.

The review said almost all of the deficit reduction this year is coming because fewer banks failed than expected and because Congress has not authorized spending on failed savings and loans held by the Resolution Trust Corp.

Almost all of the 1994 reduction was attributed to Clinton's deficit reduction package. By 1998, about three-quarters of the decline comes from the reduction package and about a fourth from lower interest rates.

The administration's revised economic forecast was similar to the predictions of most private economists except in one respect long-term interest rates.

The administration shows the current level of long-term rates, now the lowest in more than two decades, continuing through 1998. It shows the 10-year Treasury note rate, a benchmark for many 30-year mortgages, averaging six per cent this year and 5.9 per cent from 1994 through 1998.

However, private forecasters surveyed by Blue Chip Economic Indicators of Sedona Ariz, show it increasing to 7.3 per cent by 1998.

"We expect the Blue Chip forecasters to revise their interest-rate projections downward, the administration said.

The administration is slightly more pessimistic about inflation than it was earlier. It's looking for prices to rise 3.3 per cent this year and next, compared with the previous forecast of three per cent and 3.1 per cent.

It shows inflation at 3.5 per cent from 1995 through 1998. Private forecasters are looking for a 3.2 per cent inflation rate this year and 3.5 per cent next year.

The mid-year review noted that inflation blipped up from January through April of this year, but said, the administration views that acceleration as statistical aberration caused by seasonal and special factors that are unlikely to recur.

The review also forecasts the nation's unemployment rate to improve, but slowly, from an average of 6.9 per cent this year to 6.5 per cent next year and to 5.5 per cent by 1998. That's virtually unchanged from the earlier forecast, when the administration was expecting stronger growth in the GDP.