

Rich States agree on financial help to new Palestinian entity

LONDON, Sept 11: Rich nations have concluded that they must try to make a financial go of a new Palestinian entity in Israeli-occupied territories, despite reticence so far over who will contribute what, western diplomats said on Friday, reports Reuters.

Although the accord on Palestinian self-rule in the West Bank and Gaza Strip is only a first step, key western states see it as the best hope for an end to the long-running Middle East dispute and do not want to see it lost through stringency.

"What is important is that there is agreement that an international effort is needed to make the accord stick," one diplomat said. Israel and the Palestine Liberation Organiza-

tion (PLO) are expected to sign the agreement in Washington next Monday.

The territories, their economy badly retarded after 26 years of military occupation, will need billions of dollars in aid and investment.

But the demand has come at a time of recession in the developed world. In addition, Europe and the United States already face big calls on their aid budgets from the former communist states of Eastern Europe and the ex-Soviet Union. Even the fabled wealth of the Gulf Arab oil states is not what it was since Saudi Arabia and Kuwait footed a 120 billion dollar bill for the 1991 Gulf War. Those states have also not forgiven Palestinian leaders for their support of Iraq in that war. In

the short term the United States is trying to assemble an emergency fund of \$90 million dollars to cover start-up costs, with the Gulf states being asked for some 200 million dollars, according to diplomats and Palestinian sources.

Longer-term aid is expected to be coordinated through the World Bank, which in a recent report drafted a 4.3 billion dollar economic development plan for the territories, spread over eight years or more.

The plan will be discussed in Washington on September 20 by officials of the PLO, Israel and Arab states. The PLO is expected to propose a much more ambitious plan for 11.6 billion dollars by the year 2000.

While Gulf states have made

no public commitments on any aid, British foreign secretary Douglas Hurd predicted after a trip to the region this week that they would eventually contribute, despite their differences with the PLO. "It is accepted here, as everywhere, that a settlement will need support part of that support will need to come from the countries of the Gulf," he told a news conference in Saudi Arabia.

But Palestinian and western officials stressed that they were looking for the aid burden to be distributed around the world to bring in European countries, the United States, Japan and Israel as well as the Gulf States.

"Palestine is an international responsibility," said Alf Saefch, PLO representative in London.

"I am not happy with those who think it is up to the Arab states only."

The European Community's executive commission has proposed a 600 million dollar aid plan for the occupied territories, to be spread over five years.

The commission hopes the plan will be given broad political blessing at an informal meeting of EC foreign ministers in Belgium over the weekend.

Scandinavian countries last week pledged 140 million dollars in aid over the next four years.

Japan is also planning to offer aid for the self-rule project, according to an unconfirmed report by the Kyodo News Agency. It said this would be in keeping with Tokyo's global role

in keeping with Tokyo's global role but gave no figures.

Beijing won't give in to US on human rights

BEIJING, Sept 11: China wants to develop relations with the United States, but will not give in to Washington's pressure on Human Rights, particularly in return for renewing Beijing's Most Favoured Nation (MFN) trading status, Premier Li Peng has said, reports AFP.

"It is absolutely untrue to politicize the trade issue, for this will hurt the interests of not only China, but the United States as well," Li told the Mexican newspaper Sol De Mexico, according to a Xinhua news agency report that appeared in newspapers here Saturday.

The interview, conducted on August 28 with the newspaper's publisher, Mario Vasquez Rana, dealt mainly with foreign policy.

China would not accept that renewal of its MFN status be linked to conditions, Li said in

his first major public declaration since he all but disappeared from public view because of heart problems in April.

"China is a sovereign nation and the Chinese people have stood up ... they will never bow to any threat or pressure," he said.

On Thursday US Deputy Secretary of State for the Far East and Pacific, Winston Lord, said renewal of MFN status -- which allows Chinese goods into the United States at preferential tariffs -- would be conditional on progress in human rights.

Also in the interview, Li attacked pressure put on the International Olympic Committee (IOC) by certain US congressmen in a bid to block China's being awarded the 2000 Games because of its human rights record.

Arab-Israel accord may reduce huge ME arms trade

LOS ANGELES, Sept 11: If Israel and its Arab neighbours decide to give peace a chance, the bottom could fall out from the single largest market for the international arms trade, analysts said, reports Reuters.

A reduction in defence spending in the Middle East could mean a sharp decline in weapons exports by the United States, the world's top arms supplier. For example, Lockheed Corp, which makes the F-16 fighter, has been boosting sales to foreign markets. Other US defence contractors have also been looking for higher exports as Pentagon spending declines.

Multi-lateral peace accords are certain to take effect, and when they do the entire region except the Gulf states will dramatically cut arms spending, said Dr Richard Dekmajan, professor of political science at the University of Southern California.

Arms spending should decline precipitously over the next five years starting next year, he said.

This is a political earthquake of the first magnitude, he said of the peace accords currently under negotiation. If this whole thing works, it'll redraw the map and change the relationships.

Y'slavia to redenominate its currency

BELGRADE, Sept 11: The Yugoslav government agreed yesterday to redenominate its inflation-ravaged currency by dropping six zeroes from its face value at the beginning of next month, reports Reuters.

The proposal to introduce new dinars on October 1 worth one million of the current ones still has to be approved by parliament, though this is a formality.

The decision came as the black market rate for the dinar rose to around 500 million to the dollar.

It also came only two weeks after the Yugoslav national bank issued a new billion-dinar note, worth just three dollars on the black market then, and two dollars now.

It would be the third redenomination of the dinar since the beginning of 1990. A total of 11 zeroes have been dropped from the currency since then.

The dinar has also been devalued eight times since April 1992, most recently by more than 80 per cent in July.

Oil prices fall to a record low in London

LONDON, Sept 11: Oil prices fell here to their lowest levels since before Iraq's invasion of Kuwait and OPEC, faced with falling demand for its crude oil, appeared powerless to halt the slide, reports Reuters.

London October futures for world benchmark crude oil Brent blend fell more than 30 cent to a three-year low of 15.66 dollars a barrel.

An OPEC delegation source privately suggested the market's weakness stemmed from lower than expected demand for crude oil over which OPEC had no control despite having cut August output.

The president of the Organisation of Petroleum Exporting Countries, Jean Ping of Gabon, and the three-man Quota Compliance Committee are tentatively planning to tour member states, starting with Qatar on Saturday, to seek consensus before their ministerial meeting in Geneva on September 25.

China firm to transform banking system

BEIJING, Sept 11: China is determined to make the transformation of its banking system the key focus of financial reforms. The China Daily said yesterday, quoting a senior official, reports Reuters.

It said Chen Yuan, Vice Governor of the central bank, the People's Bank of China, had promised that "Current financial reforms are aimed at developing a unified and open monetary market with fair competition, in conjunction with setting up a powerful central banking system."

While China is moving towards capitalist-style markets, its banking system is still hampered by the legacy of four decades of socialist central planning.

Bureaucrats decide which projects should get loans without regard for their commercial viability. Banks follow the orders of the Communist Party officials in charge of them rather than the dictates of the market.

The central bank itself has few options when it attempts to control inflation.

Pindi slaps wealth tax on land

ISLAMABAD, Sept 11: Pakistan yesterday slapped a wealth tax on agricultural land, scrapping a traditional exemption that landlords had jealously defended, an official report said, according to AFP.

A presidential ordinance which amended the fiscal law said the value of agricultural land would now be included with that of non-agricultural wealth for tax assessment.

To become permanent, the ordinance needs approval from the national assembly, which is to be chosen in elections due in the first week of October.

The share of agriculture in gross domestic product (GDP) is officially estimated at 24 per cent and the sector is considered the economy's mainstay.

Caretaker Premier Moen Qureshi promised the levy in order to expand the tax base and also increased fuel, gas and electricity rates last month in a drive to curtail a chronic budget deficit.

People with big land holdings make up a sizeable number of the candidates running for the assembly under the banners of the two main parties — the Pakistan People's Party of former premier Benazir Bhutto and the Pakistan Muslim League of her arch-rival, Nawaz Sharif.

Qureshi says it would be very difficult for future government to reverse agricultural tax because of extensive public support for the measure.

India seeks foreign investment

SEOUL, Sept 11: India is working out a foreign investment guarantee scheme in a major bid to woo investments and assure investors from abroad, reports PTI.

This was stated by the Prime Minister, PV Narasimha Rao yesterday in his address to the captains of the Korea industry here where he sought their partnership mutual development.

Narasimha Rao said a single power domination of the world economy were over adding "the future lies in nations, big and small, developed and developing, entering into economic partnership to share in prosperity and human values."

The Prime Minister earlier held talks with the first democratically elected president of the Republic of Korea, Kim Young Sam, where the issue of North Korea possessing a nuclear capability and the NPT dominated.

Trade situation in Japan worsens

TOKYO, Sept 11: More than 80 per cent of Japanese companies suffered a deterioration in profits and sales in the past three months, the International Trade and Industry Ministry (MITI) said Wednesday, reports AFP.

The ministry said in a report that 83 per cent of 147 companies in an August survey said that their business situation had worsened.

The survey covered 19 major industries, including motor vehicle, electric equipment and steel companies.

Most of the companies cited the economic slump, the yen's sharp advance, the cool summer and a long spell of rains, the ministry said.

Only 29 per cent of the 147 companies thought that business conditions would improve in the remaining months of this year, it said.

The labour ministry said in a report Wednesday that some 60 per cent of 1,000 Japanese companies surveyed in August had cut overtime or taken their measures to slash their payroll bills.

Germany, France seek common position on agricultural trade

BONN (Germany), Sept 11: German and French leaders remained far apart Friday on a sticky farm subsidy accord with the United States that threatens to hold up a new world trade agreement, reports AP.

European agriculture and foreign ministers will meet Sept 20 House agriculture agreement between the United States and the European Community.

The agreement, concluded last November, calls for 21 per cent cuts in subsidized EC agricultural exports over the next six years. European farmers, especially the French, say it will ruin them.

Final agreement on Blair House is seen as a prerequisite to resolving a seven-year negotiating marathon on world trade. Peter Sutherland, gen-

ADB approves \$8.08 m loan to Indonesia

MANILA Sept 11: The Asian Development Bank said Saturday it had approved a dollar 8.08 million loan for a mangrove rehabilitation project in Indonesia, reports AP.

A statement from the Manila-based bank said the interest-free loan, from the bank's concessional Asian Development Fund window, will be repayable over 35 years, including a grace period of 10 years. A annual service charge of one per cent will be collected on the loan.

The loan will be used to formulate a national strategy to conserve mangroves in four coastal communities, namely Kwandang Bay in North Sulawesi, Muna Island in the Southeast, the East Luwu Plains and at the Larang in the south.



BEIJING: Chinese traders watch the Shanghai Stock Exchange market from a direct electronic link screen at the trading floor of Construction Bank Securities, Beijing's largest brokerage firm on Friday. The new brokerage officially opened on Wednesday after operating for a month and a half on a trial basis.

— AFP photo

India announces sharp rise in external debt

BOMBAY, Sept 11: India on Friday announced a sharp rise in its external debt to 85.4 billion dollar after including Russian military loans in the total for the first time, reports Reuters.

In its annual report, the Reserve Bank of India (RBI) warned that unless government spending was kept under control, it could trigger renewed inflationary pressures that might destabilise India's reform process.

The court would not hesitate to close down the refinery, if it found that it was polluting the atmosphere," said Justice Kuldip Singh here Friday, while ordering the plant to submit a report on its pollution control system within three weeks.

The warning follows an August ruling by the court ordering the closure of 212 operations near the monument in the town of Agra some 215 kilometres (130 miles) from New Delhi, to save it from further damage.

Conservationists had hailed the order and the directive to some 500 leather, glass and chemical units to install pollution-control equipment, but said the giant Mathura oil refinery, 60 kilometres (36 miles) from Agra was the worst offender. No action was taken against the Mathura unit then.

Environmentalists have warned that the edifice, built by the Emperor Shah Jahan to immortalise his love for his wife who died in child birth, would be irreparably pitted and scarred if corrective steps were not taken immediately.

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Total debt by the end of March, 1993 rose to 85.4 billion dollar, including "non-civilian rouble debt" of 9.66 billion dollar, the RBI said.

The government of Prime

Minister P V Narasimha Rao initiated a series of far-reaching reforms in 1991 after the collapse of the Soviet Union, the country's main trading partner, an higher world oil prices during the Gulf War triggered a major Indian balance of payments deficit.

These trends need to be reversed quickly, otherwise there would be a large monetary expansion which could result in a sharp increase in prices an undermine the programme of restoration of stabilisation ... the central bank report said.

The RBI forecast that India's current account deficit in fiscal 1993/94 was likely to be the same or slightly under last year's 4.9 billion dollar deficit. It was 2.1 billion dollar against 6.6 billion dollar the previous year.

Offering what it said was "greater transparency in debt statistics," the RBI said India.

Total foreign debt at the end of March 1992 was now estimated at 82.2 billion, against 68.6 billion dollar published in the central bank's annual report last year, which excluded on-civilian loans.

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It said relatively favourable monsoon rains pointed to continued growth in agriculture, while sluggish industrial activity was to revive.

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With one eye on crucial elections in four northern states expected by December, the government has relaxed spending limits on postponed negotiations on a new accord

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Association of Southeast Asian Nations (ASEAN) group particularly Indonesia, Malaysia and Singapore and China and South Korea, the policy has been vigorously pursued by the government in the past year. Nilkare said: "While I generally support the 'look north' foreign policy approach, I have increasingly become concerned about possible repercussions. We need to define clearly what 'look north' means."

He also said it was important to reassure PNG's traditional trade and commercial partners that the promotion of a "look north" policy would not have a major impact on the country's present relationships.

Some negative aspects of the policy have become apparent. Nilkare said: "You only have to look at the small canteens and shops in Port Moresby operated by a number of people from these countries.

These small shops are supposed to be protected business activities and I often wonder what the Investment Promotion Authority is doing about them. Many positions and tasks, including care and shop staff, are reserved for PNG citizens only."

"Look north" is one of several foreign policy initiatives taken by the Wingti government aimed at diversifying the nation's commercial, trade and technical links away from the traditional partners, Australia and New Zealand.

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