Rebuilding ruined economy in Gaza a challenge to Arafat

TUNIS, Sept 13 : When the fanfare over Monday's PLO-Israeli peace accord subsides, Yasser Arafat will find himself sitting on a powderkeg that could imperil his historic achievement — economic blight in the land Israel has occupied for 26 years, according to AP.

Leila Shahid, the Palestine Liberation Organisation (PLO) representative in Paris, said Friday that only by rebuilding the ruined economy in the occupied territories can Arafat justify the "concessions we've made to Israel" in the eyes of the Palestinians.

"We must create jobs, build hospitals, roads," she said. "If we don't succeed, it will look like capitulation."

The equation is starkly simple: without rapid economic reconstruction in the Palestinian areas, the peace process could be in danger.

Palestinians are divided over the peace plan, which initially envisages limited self-rule in the Gaza Strip, the most impoverished part of the occupied territories, and the West Bank town to Jericho.

Arafat is gambling on rapid reconstruction to help smother opposition among the 1.8 million Palestinians in the West Bank and Gaza, seriously neglected since they were captured by Israel in 1967.

His most pressing priority is reconstruction in Gaza, a 360-square-kilometre coastal strip on the Mediterranean where some 800,000 Palestinians are jammed into squalid refugee camps.

Gaza, with rampant unemployment, is a cauldron of anti-Israeli hatred that the Jewish state is only too happy to relinquish.

It is also a stronghold of Arafat's main rival, the Muslim fundamentalist Hamas movement, which has been seriously eroding his traditional support in recent years.

To be sure, Arafat will not be inheriting a national debt. But to make self-rule work, the Palestinians need massive international economic aid.

The PLO is bankrupt and Israel, which has a vested interest in helping a Palestinian entity develop, has economic woes of its own.

The United States has proposed a dlrs 590 million fund to help the Palestinians set up a self-rule administration.

The European Commission, which is already channelling dlrs 100 million a year into the West Bank and Gaza, last week unveiled a plan for a 575 million dollar five-year aid package.

Norway, which mediated the secret peace negotiations between Israel and the PLO, and other Nordic countries have said they will cough up 125 million dollar.

The World Bank has proposed a one billion dollar package over five years.

But all this falls far short of the 11 billion dollar Arafat's men envisage they will need to rehabilitate the West Bank and Gaza and build an economic infrastructure.

Of that, about two billion dollar is needed for immediate development projects such as roads, sewerage, water and electricity and rehabilitating hospitals and educational facilities.

The PLO expects as much as dlrs 750 million from wealthy Palestinian expatriates and is contemplating increasing a five per cent tax on salaries of Palestinians working in the oil-rich Gulf states.

Everyone's banking on these states to help out. But the Gulf rulers remain reluctant to forgive Arafat for siding with Iraq when it invaded Kuwait in 1990, and anyway, they have been financially chastened by the 1991 Gulf war.

The PLO has been in dire financial straits since the Gulf bankrollers cut off funding three years ago.

In the negotiations on Palestinian self-rule, the PLO is expected to push Israel to open its markets for labourers from Gaza, where unemployment has swelled to 60 per cent of the 800,000 population.

PLO officials say many Gazans were pushed into the laps of Hamas not out of political conviction, but financial desperation.

There is no shortage of Palestinian technocrats to formulate an economic blueprint for recovery. The Palestinians have the highest proportion of university graduates of any Arab nation.

Yeltsin asks ministers to unite on privatisation

MOSCOW, Sept 13: Russian President Boris Yeltsin told his ministers yesterday to heal a split in their ranks over how to press forward with the key privatisation programme, reports Reuter.

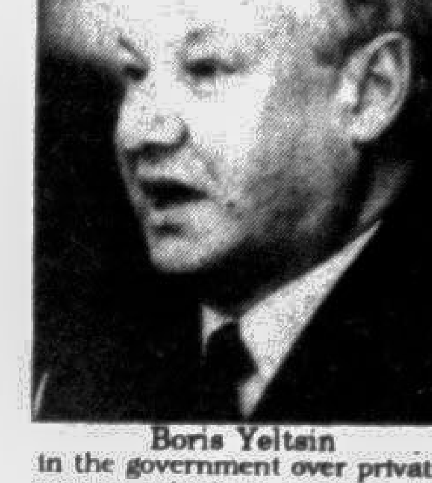
Itar-Tass news agency said Yeltsin told Prime Minister Viktor Chernomyrdin and two other key ministers to work out "an agreed position" on new privatisation proposals put forward by Oleg Lobov, a Deputy Prime Minister.

Lobov, who doubles as economy minister, called on August 30 for the nominal value of privatisation coupons issued under the scheme to be dramatically increased an for the value of state property marked for selling off to be re-assessed.

The nominal value of coupons under the government's privatisation programme, launched a year ago, is 10,000 rouble (10 dollar) at the current rate.

Lobov argued re-evaluation of property would help offset the current rouble-to-dollar exchange rate which was unfavourable to the state and could allow foreign investors to buy up shares very cheaply.

His proposals exposed a split in the government over privatisation, which is seen as the main plank in the reform policies of Yeltsin's government.



Boris Yeltsin

The Tass report said Yeltsin had suspended a decision of August 30 in which he appeared to have originally approved Lobov's ideas.

Coffee prices up after a five-yr slump

LONDON, Sept 13: Coffee prices have risen steeply in recent weeks after a five-year slump, in anticipation of cutbacks expected to be decided by a producers cartel at a key meeting starting today in the Colombian capital Bogota, reports AFP.

In two months, coffee prices have soared by 40 per cent in London reaching nearly 1,300 dollar a tonne, as dealers reacted to moves by cash-strapped exporting countries to coordinate action to revive the market.

From October 1, coffee producers have decided to withdrew part of their production destined for export to reduce surpluses and stimulate demand.

Producers like Brazil, Colombia and Ivorycoast who rely heavily on coffee, saw their export earnings nose-dive as a result of the collapse in coffee prices brought about by overproduction.

Exporting countries say they lost more than 10 billion dollar in the past five years as price sank by more than 50 per cent hitting 840 dollar a tonne a few months ago.

The problems began in 1989 when the international coffee organisation whose job was to regulate the market, suspended export quotas after some countries refused to respect them.

ASEAN-China meet begins

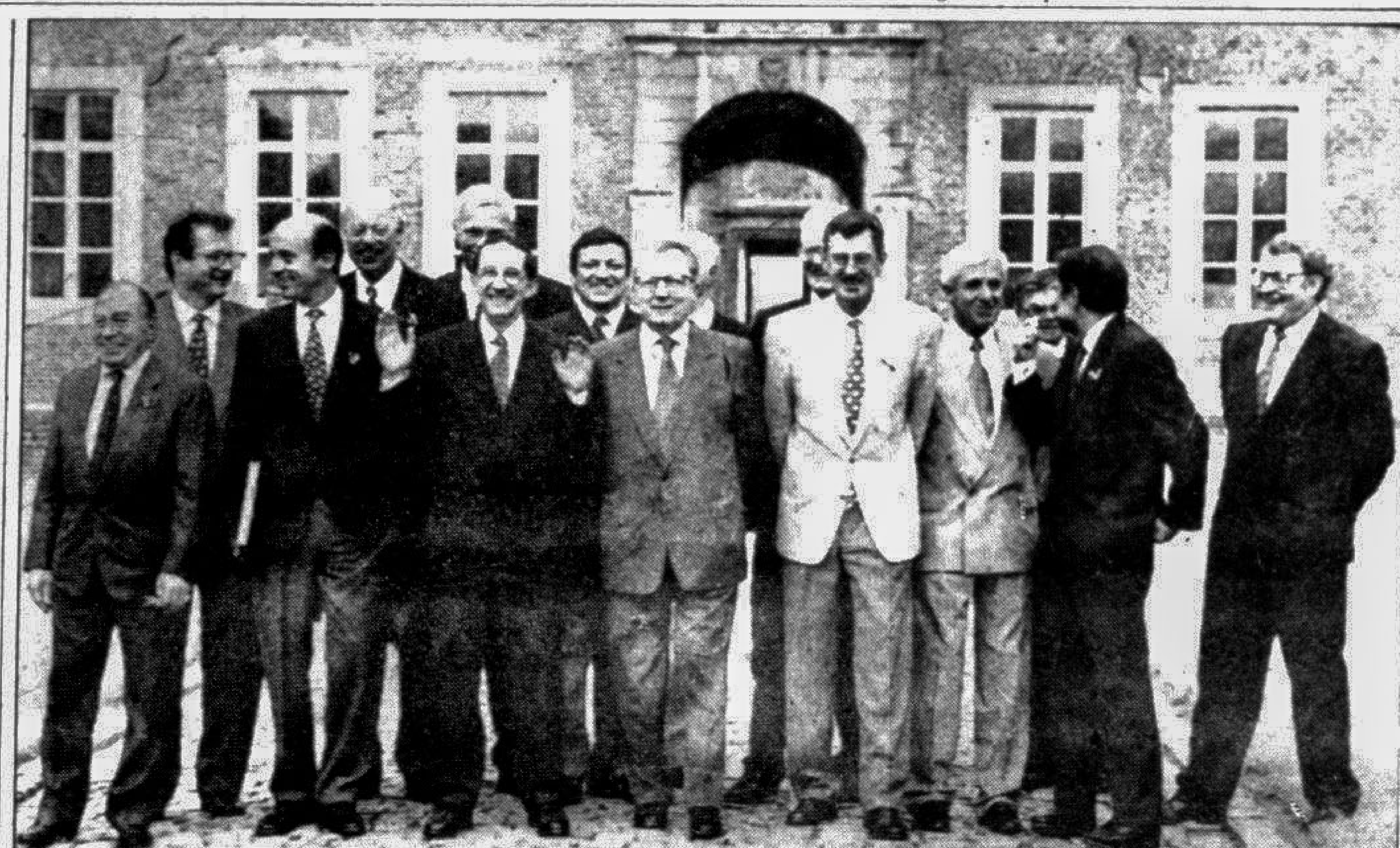
BEIJING, Sept 13: Relations between China and the Association of South East Asian Nations (ASEAN) took another step forward here today with the opening of their first consultative meeting, reports AFP.

The two-day ASEAN-China consultative relationship meeting began at the Diaoyutai state guesthouse. The 27-member ASEAN delegation was led by ASEAN Secretary General Ajit Singh.

ASEAN, formed in 1967, groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, all of whom once viewed communist Beijing as a potential threat to the region.

But Beijing became a "dialogue partner" with the group in 1991 and in July, along with Russia and the United States, agreed to join an ASEAN regional forum that will promote a dialogue on security concerns.

The first forum is to take place next year.



EC foreign ministers (L-R) Michael Papaconstantinou (GR), Klaus Kinkel (GER) Alain Juppe (F), PH Kooijmans (NL), Hans Van den Broek, Willy Claes (B), JM Durao Barroso (P), Jacques Delors, Douglas Hurd (GB), Dick Spring (IRL), Jacques Poos (LUX), Javier Solana (E) and Niels Helveg Petersen (DK) pose for the group picture prior to their meeting at the Archcommandery "Alden Biesen" in Belgium on Sunday. — AFP photo

Omani move to rein in foreign workforce

MUSCAT, Sept 13 : Oman, trying to rein in a rapidly expanding foreign workforce, has set limits on the number of expatriate workers in the private sector and banned them from taking traditional Omani jobs, reports Reuter.

Ministerial decrees issued last week limited private firms with financial assets of less than 150,000 rial (390,000 dollar) to a maximum of 60 expatriate workers in the country — a small oil producer with a population of over two million.

They banned the employment of foreign workers, who already number well over 450,000, in jobs such as fishing, herding, and making traditional Omani handicrafts.

They also banned them from working in public relations, secretarial work, tailors, hairdressers, laundries and from operating mechanical equipment and digging water wells.

In a ruling aimed at cutting the number of foreign domestic servants working in Oman, only expatriates earning over 700 rial (1,800 dollar) a month will be allowed to employ a housemaid.

The rulings, are the latest in a government campaign of 'Omanisation' seeking to cut dependence on expatriate workers, who each year send home an estimated 900 million rial (2.34 billion dollar) in remittances.

An official at Oman's Ministry for Social Affairs and Labour said the decrees were aimed at stopping the influx of overseas workers, mainly from Pakistan and India. Foreigners already working in Oman would not lose their jobs, he said.

"These decisions will not affect people already working in the country, as long as their employers still need them they will have their visas renewed," the official said.

Employers who could not find Omanis with the necessary expertise for the job required would also be granted exemption.

"We don't want to rush into a speedy Omanisation whereby we will see many Omanis taking up jobs in the private sector but at the same time bringing down the profitability of companies," leading Omani businessmen Murtada Bin Ahmed Sultan Watan told Al-Watan newspaper.

Viacom to buy Paramount in $ 8.2b deal

NEW YORK, Sept 13: Viacom Inc, owner of the MTV cable network, agreed Sunday to buy film and publishing powerhouse Paramount Communications Inc. in an 8.2 billion dollar deal that would create one of the world's biggest media-entertainment companies, reports AP.

The new company, Paramount Viacom International Inc., would generate more than six billion dollar in annual revenue from its many businesses, including cable and broadcast television, film production, book publishing, theme parks and sports teams.

It would join the ranks of giant media-entertainment conglomerates led by Time Warner Inc., which had more than 13 billion dollar in revenue last year. That group also includes Germany's Bertlesmann, Japan's Sony Corp. and Australia's News Corp. Ltd.

Under terms of the deal, Paramount shareholders would get about 69.14 dollar a share in cash and stock for their holdings.

The cash portion of the deal would amount to 9.10 dollar a share, or a total of more than one billion dollar. Viacom would also give Paramount stockholders 0.1 share of its Class A stock and 0.9 share of Class B stock for each Paramount share.

Tibet plans to boost tourism

HONG KONG, Sept 13: Tibet plans to boost annual tourist arrivals by 57 times to 750,000 people by the turn of the century, a report said today, says AFP.

Tourism has become a major foreign exchange earner for Tibet, the China news service was quoted as saying.

More than 170,000 foreigners have visited the Himalayan region in the past 13 years, an annual average of 13,100 people, earning Tibet more than 57 million US dollar, the agency said.

The region has been wracked by a Buddhist-led independence movement with major riots, the latest in March 1989, put down by the Chinese army.

Tibet's spiritual and temporal leader, the Dalai Lama, fled into exile in India in 1959 after a failed uprising against Chinese rule.

EC ministers pledge to find ways to create new jobs

BRUSSELS, Sept 13: Faced with millions of unemployed, EC finance ministers pledged Monday to find ways to create new jobs. And despite the turmoil buffeting their currencies, they renewed their commitment to close monetary ties, report AP, Reuter.

European Community finance ministers meet today for the first time since a foreign exchange rate crisis last month forced them into a spectacular widening of the fluctuation bands in the bloc's currency grid.

No fresh initiatives are expected on that front, but diplomats said the meeting would probably approve the release of a second. Two billion European Currency Unit (2.4 US dollar), slice of an eight billion ECU (9.4 billion US dollar) loan to support Italy's balance of payments situation.

It was also expected to accept a scheme giving depositors at least a minimum level of protection against banking failure.

The deposit guarantee proposal sets a minimum coverage per depositor of 20,000 ECU (23,600 US dollar), but allows countries that wish to do so to insist that depositors bear at last some responsibility for any failure — the only rule being that they must be compensated for at least 90 per cent of the EC minimum.

On the badly battered exchange rate mechanism (ERM) — the vehicle for creation of future EC single currency — diplomats said the ministers were likely to remain silent.

At a heated session on August 2 they decided to widen the fluctuation bands in the currency management grid to plus or minus 15 per cent of a central rate from 2.25 or six per cent in the face of a concerted attack by money markets.

That prompted market speculation the ERM was, in effect dead, and with it the EC's single currency ambitions.

German Chancellor Helmut Kohl and EC Economic Affairs Commissioner Henning Christophersen have both said the decision has cast doubt on the ability of a majority of ERM members to merge their currencies into one in 1997—the first deadline under the Maastricht Treaty on closer EC Union.

But they, other government leaders, and the EC Commission have pledged to continue along the single currency path despite the strains of the economic recession.

Belgian Finance Minister Philippe Maystadt, who will chair today's meeting as the representative of the EC's current presidency, has said there can be no question of returning to the narrow ERM bands without giving the grid new decencies.

The topic is not on the meeting's formal agenda, but diplomats said it was likely to come up during discussions on preparations for the start of the second and penultimate phase of economic and monetary union on January 1 next year.

Maystadt, worried that the longer the ERM bands remain at 15 per cent the stronger will be the temptation for countries to indulge in an orgy of competitive effective devaluations, has indicated he wants to have the grid reforms in place by January.

Others, however, have counselled a period of reflection, to allow the EC's ailing economies to at least begin recovering.

Today's meeting is also likely to discuss progress on the separate but connected issue of how to boost economic growth in the EC and reverse the inexorable rise in unemployment.

The European Commission is working on a white paper on jobs and growth due to be presented to an EC summit here in December.

The document, "entering the 21st century," is supposed to be a distillation of ideas from inside and outside the commission on how to restore the EC's competitive edge in world markets and tackle the socially-explosive issue of unemployment.

The commission has predicted that some 20 million people or nearly one in every eight of the workforce will be out of work by the middle of next year as economies shrink by a forecast 0.5 per cent this year and climb by just 1.25 per cent in 1994—far short of the 3.5 per cent needed to start cutting jobless queues.

Call to set up Islamic common market

ANKARA, Sept 13: The second cooperative congress of the Muslim minorities which was recently held here called for the establishment of an Islamic common market as well as Islamic TV channels in various languages, reports IINA.

The participants also called for the setting up of an Islamic UNESCO, an Islamic united nations and a unified Islamic currency. They suggested to make Istanbul the headquarters of all these organizations.

The final communiques of the congress which contained many proposals, said the new world order has failed to spread peace and justice in the world.

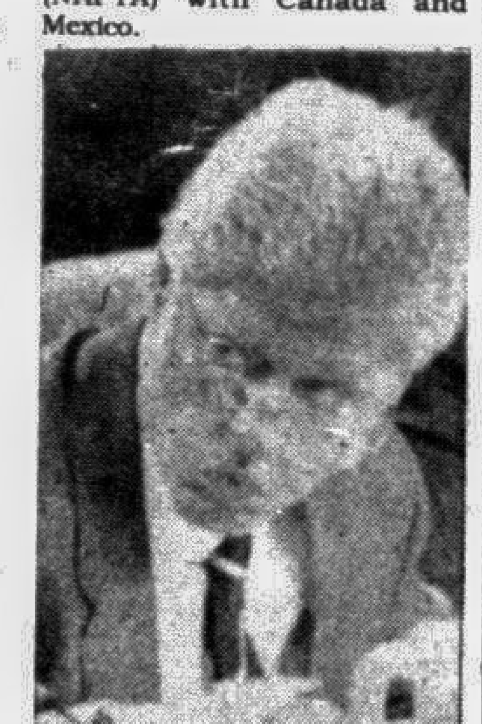
Clinton opposes French proposal on farm deal

WASHINGTON, Sept 13: President Bill Clinton, in an interview published today, expressed opposition to a French proposal to reopen a key accord on farm subsidies between the United States and the European Community, reports Reuter.

France has demanded that the accord be reopened. But Clinton, in an interview with the Washington Post, said reopening the agriculture issue would complicate efforts to complete the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). The negotiations have dragged on for years.

"You run the risk of having to do the Uruguay Round without agriculture if you reopen that agreement," Clinton said.

He also vowed to make a big personal effort to gain congressional approval of the North American Free Trade Agreement (NAFTA) with Canada and Mexico.



Bill Clinton

"I don't think you will hear many say I am lukewarm about NAFTA," he said.

On other issues, Clinton said the United States had left troops in Somalia longer than anticipated in part because "there have not been enough others coming forward to replace US and partly because of the difficult security situation in parts of Mogadishu."

On Bosnia he said that if the United States sent peacekeepers it would be for a limited period.

Call money rate ranges from 2pc to 8pc

Money rates in the call money market during the week ending Wednesday ranged from two per cent to eight cent, reports UNB.

International rates offered by the bank during the week on Certificate of Deposits varied from five per cent to 10.25 per cent.

The bank, however, remained unchanged at 6.50 per cent, said a BB press release Monday.

Dollar, stock rise higher in Tokyo

TOKYO, Sept 13: The US dollar was higher against the Japanese yen at midday Monday, while prices on the Tokyo Stock Exchange finished the morning session higher, reports AP.

The dollar was changing hands at 106.07 at 11:30 a.m (0230 GMT). It opened at 106.00 yen, up 0.37 yen from Friday's close and down slightly from its finish in New York Friday at 106.05 yen. The dollar ranged between 105.75 yen and 106.20 yen during morning trading.

The dollar remained stable against the Japanese yen because players anticipated a cut in the key interest rate by Japan's central bank, as well as a progress in talks to curb Japan's trade surplus with the United States, said a dealer with Sakura Bank.

The currency had risen in London and New York on Friday on a similar trend.

The dealer said may players avoided significant moves as they awaited the official announcement later this week of the government's economic stimulus measures. The measures are to include partial deregulation of some industries in an efforts to cut Japan's trade surplus by opening the nation's markets to foreign competitors.

Bank of Japan Governor Yasushi Mieno is to hold a regular news conference later Monday, but the bank refused to discuss whether a cut in the official discount rate would be announced then.

Lower Japanese interest rates tend to make the nation's currency less attractive to investors.

Also supporting the dollar were Japanese investors who needed to buy back the currency they had sold earlier. But exporters, who were ready to sell the dollar above 106 yen, were preventing the US currency from rising further.

Ex-banker faces bribery charge

LONDON, Sept 13 :A banker who was pursued for six years across three continents by investigators probing a multi-million dollar corruption scandal in Hong Kong was charged with bribery Saturday, reports AP.

Ewan Quayle Launder, former chief executive of Wardley Ltd, the investment arm of the Hong Kong and Shanghai Bank — was arrested at Heathrow Airport as he stepped off a flight from Berlin on Friday.

He was charged at Bow Street Magistrates' Court with one charge of accepting bribes between 1979 and 1984. Launder, who will be 58 on Monday, was remanded in custody until Friday.

In Hong Kong, the Independent Commission Against Corruption said in a statement it would seek Launder's extradition. Launder's solicitor said he would fight extradition.

Launder allegedly took bribes totalling 45 million Hong Kong dollar (US 5.8 million dollar) for granting credit facilities to two Hong Kong companies, the commission statement said.

One of those companies was the Carrian Group, once one of Hong Kong's 10 largest companies, which collapsed in 1983 with debts of more than US 1.12 billion dollar.

George Tan, 59, former Chairman of the Carrian Group, is awaiting trial on charges of conspiracy to defraud and offering bribes.

Scotland Yard sources, speaking on condition of anonymity, said Launder authorised bogus loans of more a billion Hong Kong dollar (US 130 million dollar) while he was head of Wardley.

Yen falls, most other units gain against Greenback

HONG KONG, Sept 13: The US dollar rose against the yen during the week as the market waited for the central bank of Japan to cut official interest rates, reports AFP.

The Australian dollar slipped to a record low on a trade-weighted index basis, but like the New Zealand, Singapore, Malaysian and South Korean units was among the currencies that edged up against the Greenback.

Japanese yen : The Japanese currency slipped slightly to close at 105.63 yen to the dollar Friday, down 0.08 yen from the 105.55 yen finish a week ago.

Investors sold yen for dollar on prospects of an imminent official discount rate cut by the central bank of Japan, dealers said.

The discount rate, which is the interest on loans to commercial banks, is expected to be reduced next week to try and stimulate economic activity, news reports said.

Australian dollar : Continued uncertainty surrounding the August 17 budget drove down the Australian dollar to an all-time low against the Reserve Bank's Trade-Weighted Index (TWI) of 47.3 on Tuesday.

The TWI recovered to finish at 48.0 points Friday, still a full point down on last week's close of 49.0.

After slumping to 64.80 US cent on Tuesday, the local unit ended the week at 65.52 US cent, slightly above last week's close of 65.28 US cent.

Analysts said they expected the Aussie to stabilise, with any upturn limited while commodity prices remained weak.

New Zealand dollar: The New Zealand closed Friday worth 55.33 US cent compared with 54.52 US cent the previous week.

One dealer said the market was waiting for the Reserve Bank's six-monthly economic forecast which was due out on Tuesday.

There has been some discussion as to how the RB will view inflationary pressure, one dealer said, the market will obviously be looking for direction.

Singapore Dollar: The Singapore firmed against the US dollar at an exchange rate of 1.5995 against last Friday's level of 1.6050.

Dealers said the Greenback was traded within a narrow range for most of the week. On Monday it fell to 1.6014 and then hovered around the 1.6025 and 1.6032 before falling below the 1.6000 mark.

Malaysian ringgit: The Malaysian ringgit firmed against the US dollar this week at 2.5438 from 2.5478 previously in quiet trading as the Greenback remained under pressure.

The ringgit also firmed against the yen at 2.3897 from 2.4140 previously but weakened against the German mark at 1.5850 from 1.5467 and the sterling at 3.9378 from 3.8238 previously.

South Korean won: The won remained stable against the US dollar to close Saturday at 807.50 won, up 0.10 won from the previous week's close of 807.60 won.

Hong Kong dollar: The Hong Kong dollar, pegged at 7.8 to the US dollar, closed Friday at 7.739, up marginally on the previous close of 7.750. The effective exchange rate was 112.0.

Taiwan dollar: The Taiwan currency advanced to close Friday at 26.944 to the US dollar, up 1.35 Taiwan cent from the previous week's finish of 26.9575.

The Philippine peso: The Philippine peso weakened form 27.955 peso to the dollar on September 3 to 28.116 to the dollar this Friday.

This came after the executive department and the central bank earlier this week rejected calls from the Senate to devalue the peso to the level of 35 peso to the dollar in order to encourage exports.

Thai Baht: The bank of Thailands' exchange equalisation fund on Friday fixed the official midrate at 25.16 baht to one US dollar, compared with last week's close of 25.20 baht to the dollar. One currency dealer said the change was a minor adjustment due to cross-currency trading.

Indonesian rupiah: The Indonesian currency closed the week's trading Friday at 2,104 rupiah or one point lower than the previous week's finish.