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Foreign investment
climate to show
improvement : Li

BEIJING, Feb 26: China's foreign investment climate will show a marked improvement this year as the country seeks to expand its energy, transport and communications sectors, premier Li Peng said Friday, reports AFP.

At the same time, an unprecedented series of laws and regulations protecting the legal rights of foreign investors are to be introduced, Li told John Mike, the visiting President of US bankers Morgan Stanley.

Li stressed that China welcomed foreign investment in infrastructure projects, especially in the fields of energy, transport and communications where expansion is seen as crucial to supporting continued economic development.

China will pool more funds for construction projects through the securities markets, as well as continuing to make use of capital from international financial institutions. Li was quoted as saying by the Xinhua news agency.

Morgan Stanley is one of the world's biggest firms managing global securities and investment.

Westinghouse
to buy
Norden Systems

BALTIMORE, Feb 26: Westinghouse Electric Corp announced Friday it will buy Norden Systems Inc., the defense electronics unit of United Technologies Corp in Connecticut, reports AP.

Pittsburgh-based Westinghouse did not disclose the purchase price or any other terms of the agreement.

The transaction is expected to be completed in the second quarter. When it is final, Norden Systems will become part of Westinghouse's Electronic Systems business unit in Baltimore.

Norden Systems builds radar systems for aircraft and ships, air traffic control systems and undersea surveillance and intelligence management systems.

"While radar systems have not been a core business for UTC, Norden will now join its complementary capabilities to one of Westinghouse's mainstays, electronic systems," said Robert F. Daniel, United Technologies chairman and chief executive.

Norden Systems, which is based in Norwalk, Conn., employs about 1,600 people. Its 1993 sales totaled about 220 million dollars.

Westinghouse Electronic Systems employs about 14,000 people.

S'pore takes part in infrastructure projects in Asia

SINGAPORE, Feb 26: The Singapore government has taken a one third stake in a 761 million US dollar fund which will invest in infrastructure projects in Asia, news reports said Friday, reports AFP.

The investment in the Asian infrastructure fund is made through government of Singapore Investment Corp (GIC), the government's investment arm, and Temasek Holdings, its investment holding company.

GIC injected 200 million dollars into the fund while Temasek Holdings put in 50 million dollars.

The other major investor in the fund is insurance giant American International Group, which has committed 100 million dollars through American reinsurance company, its wholly-owned subsidiary.

An AIG official said Friday that up to 50 per cent and not less than 35 per cent of the fund would be invested in infrastructure projects in China.

Dev projects
progressing
in Rajbari

RAJBARI, Feb 26: Work on a number of projects to develop the infrastructures of Rajbari Municipality is progressing fast, reports UNB.

The projects include construction of markets, roads, renovation of hats and bazaars, water supply, drainage and tree planting.

Of the total amount of Tk one crore, Annual Development Programme (ADP) will provide Tk 60 lakh and the rest will be met by the municipality's own fund.

With the implementation of the projects civic amenities of the dwellers will be improved to a great extent.

WB director appreciates economic reforms

World Bank Country Director for Asia, Mrs. Ann O. Hamilton yesterday appreciated the economic reforms carried out by the government, reports BSS.

Hamilton who arrived here Friday on a ten-day visit to Bangladesh for pre-aid group consultation with the government leaders and donor representatives was talking to Finance Minister M. Saifur Rahman at his Secretariat office.

She said that since generation of electricity and gas were vital for industrialisation, the private sector could not grow unless the projects in energy sector are implemented speedily.

She said that all the donors and multi-lateral agencies had praised the economic reforms, being carried out by the present government.

The World Bank director emphasised that Bangladesh should go ahead with the reforms and that there is no scope for looking back as all other developing countries are doing the same job.

She particularly mentioned Vietnam and Cambodia which have been surging ahead with reforms and are expected to compete with countries like

Bangladesh for resource mobilisation from donors.

Hamilton communicated the concern of the World Bank about the slow progress of project implementation in some sectors, particularly under the energy and water resources ministries.

She said that since generation of electricity and gas were vital for industrialisation, the private sector could not grow unless the projects in energy sector are implemented speedily.

Similarly, employment and productivity cannot grow unless major projects in the irrigation and water sector are implemented, she noted.

Christopher R. Willoughby, chief of World Bank mission in Bangladesh, who accompanied Hamilton, referred to the slow utilisation of the current annual development programme in the first seven months saying that only 20 per cent of the development fund had been utilised.

The Finance Minister as-

sured the World Bank mission that the government was making serious efforts for in creating aid utilisation.

Saifur Rahman assured the World Bank Country Director that the present financial reforms would continue because there was no alternative left to the country except going for privatisation and liberalisation.

The Finance Minister said that even though there are criticisms in the short run, these reforms will bring permanent benefit in the economy in the long run.

The present macro-economic stability, which has been brought through the economic reforms of the government, has been praised by all donors, the Finance Minister pointed out.

Shahidul Alam, Additional Secretary of the Economic Relations Division of the Ministry of Finance and Shekher Shah, an economist of the World Bank were present during the meeting.

Daewoo registers dramatic growth in profits

SEOUL, Feb 26: South Korea's Daewoo business group posted dramatic growth in both turnover and profits last year on the strength of a sales boom and strong exports, the group announced Friday, reports AFP.

The third largest South Korean conglomerate said in its annual report that its 21 subsidiaries registered total sales of 27 trillion won (33.3 billion dollars) up 35.5 per cent from the previous year.

After-tax net income soared 56 per cent to 465 billion won (574 million dollars).

Its financial status also improved, with the group's debt-asset ratio lowered from 329 per cent in 1992 to 261 per cent last year.

"Daewoo's traditional money-losers, especially its shipyard, did well last year," Paik Kyung-Hwan of Baring Securities Co. told AFP.

"This trend is expected to continue this year," he said.

Daewoo officials attributed the good company results to a boom in both exports and domestic sales of ships, automobiles, electronic goods and machinery.

OPEC states drawing on assets abroad

LONDON, Feb 26: OPEC countries faced with falling oil revenue and budget deficits are drawing extensively on their assets abroad with withdrawals by Saudi Arabia and Libya, the most pronounced, the Bank for International Settlements (BIS) said, reports Reuter.

The BIS report issued on Thursday said withdrawals of identified deposits in the third quarter of 1993 was fairly widespread among OPEC countries, but most pronounced for Saudi Arabia with withdrawals of 3.8 billion dollars and Libya with 2.8 billion dollars.

Faced with falling oil revenues, a restructuring of their domestic banking systems and, in most cases, limited access to foreign capital, these countries continued to draw extensively on their own assets abroad to fund raising budget deficits, the Basle-based BIS said.

BIS reporting banks business with OPEC countries showed assets and liabilities fell by 7.7 billion dollars in the third quarter of 1993, after a fall of 5.4 billion dollars in the second quarter.

The BIS is a profit-making clearing agency for central bank shareholder members in foreign exchange and Eurocurrency markets.

G-7 ministers' meet in Germany to examine Russian economic situation

KRONBERG, Germany, Feb 26: Finance Minister and central bank governors of the seven leading industrial nations meet here Saturday at Germany's initiative, primarily to examine Russia's economic situation, reports AFP.

But trade differences between Japan and the United States and their monetary consequences are also expected to figure, if only on the sidelines.

US Treasury Secretary Lloyd Bentsen and Japanese Finance Minister Hirohisa Fujii were scheduled to hold a breakfast hour meeting in Kronberg near Frankfurt.

But German Finance Minister Theo Waigel appeared determined to stick to his intention of discussing Russia's economic situation and the progress of President Boris Yeltsin's free market reforms.

Germany is the western country which has the biggest direct financial stake in post-communist Russia. Its Deut-

sche bank also heads the committee of Russia's foreign creditor banks.

The Group of Seven (G-7) countries - Britain, Canada, France, Germany, Italy, Japan, and the United States - want to be sure reforms will continue despite Yeltsin's domestic political setbacks, before agreeing to further aid.

Western promises of generous aid have mostly hung fire pending confirmation that Yeltsin can deliver.

The meeting is to receive a report from International Monetary Fund Managing Director Michel Camdessus on progress of the reforms, which the west fears are threatened by the rise of conservative or nationalist forces in Russia.

Waigel said Tuesday the G-7 ministers wanted a clear statement of intent to bring Russia's hyper-inflation under control.

And in a key speech Thursday, Yeltsin set an inflation target of 3-5 per cent a month, compared with a 22 per cent for January and 900 per cent for the whole of 1993.

But Yeltsin also announced a partial return to state control of the economy.

Attending the meeting will be Russian Finance Minister Sergei Dubinin and the central bank governor Viktor Gerashchenko.

In the other issue for the talks, between Washington and Tokyo, Japan wants help from its partners in stabilising the exchange rate between the yen and the dollar.

But economists say the real issue in the two countries' trade imbalance. Relations are tense because of the huge Japanese trade surplus with the United States, while Washington complains its exports are kept out of Japan.

UK trying to end Malaysian trade boycott

LONDON, Feb 26: Britain will announce next week that Malaysia will no longer qualify for overseas aid schemes like the controversial Pergau Dam Hydro-Electric Project, the Guardian newspaper reported today, reports Reuter.

The newspaper said it had obtained a copy of an 18-page British Foreign Office memorandum submitted to members of parliament investigating the Pergau affair.

According to the memorandum, Foreign Secretary Douglas Hurd will announce next Wednesday that "Malaysia will no longer qualify for overseas aid schemes like the 234 million pounds (346 million US dollars) Pergau Dam," the Guardian said.

The Foreign Secretary will also disclose the findings of a review of the 100 million pounds (150 million dollar) a year Aid for Trade Programme (ATP) and rules for future deals will be substantially tightened to prevent a repeat of the link between arms and aid which sparked the Pergau controversy.

The newspaper said the decision was taken before Friday's announcement by Malaysia that it was banning British firms from government contracts potentially worth billions of pounds (dollars).

Malaysia, enraged by British

Donors promise \$2.5b to Pakistan

PARIS, Feb 26: International donors on Friday promised Pakistan aid of up to 2.5 billion US dollars next year, but urged it to spend more on social programmes and less on defence, reports Reuter.

The aid donors' meeting at the World Bank's Paris office promised aid of at least 2.3 billion dollars in the 1994-1995 period, rising to some 2.5 billion dollars.

This was roughly in line with the 2.4 billion dollars in aid requested by the Pakistan government.

However, the donors

pressed Pakistan to try to curb its budget deficit, notably cutting defence spending.

The consortium of aid donors said it had urged the Pakistan government to further reduce its budget deficit, in particular through the containment of non-productive expenditures, while protecting budget allocations for core development needs such as the social sector, a World Bank statement said.

Pakistan was promised aid of up to 2.3 billion dollars in 1992.

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Call money rate ranges from 2.50 to 6.25 pc

Money rates in the call money market during the week ended on February 23 ranged from 2.50 to 6.25 per cent, reports UNB.

Move to sink rifts among world's 4 top traders

GENEVA, Feb 26: The United States, the European Union, Japan and Canada have signalled they are on the point of lodging long-awaited tariff lists that form a key part of a new General Agreement on Tariffs and Trade (GATT) world trade treaty to be signed in April, reports Reuter.

But it was not immediately clear whether the move would resolve all differences between the world's four top traders on tariffs to be included in the accord — especially those between US and Japan.

Diplomats from the four, known as the "Quad", said they expected the documents, covering thousands of items, to be revised by the days' end, 10 days after an original deadline.

"We will have copies with the GATT later today (Friday), said Andrew Stoler, US Acting ambassador to the world trade watchdog.

A Japanese official said Tokyo's offer would also be presented today. EU and Canadian Trade diplomats said their offers were delivered to GATT earlier in the week and would be active when the American and

Japanese documents arrived. The treaty signing is due to April 15 in Marrakesh, Morocco.

Over the seven weeks until Marrakesh, the 118 countries in the round will check each other's schedules to verify whether all they thought they had agreed to has been included.

Of all participants, only around 20 have handed in schedules as the others wait for the Quad offers, some saying any substantial change in last December's offers from the big four might cause them to revise their proposals, thereby risking an unravelling of the entire tariff package.

GATT officials and many diplomats say it has been agreed that mid-December offers were final.

However, the US has insisted its proposals rested on better offers from Japan, mainly covering wood, some electronics, white spirits and leather footwear. US officials today said they felt their final schedules reflected this position, by including some changes flowing from Tokyo's refusal to improve its December offers.

Prices of share increase, Greenback down in Tokyo

TOKYO, Feb 25: Tokyo stocks rose back in the afternoon Friday to end higher, while the US dollar slipped against the yen on a high US official's remarks dismissing talk of an agreement on exchange rates, reports AP.

The 225-issue Nikkei Stock Average gained 37.90 points, or 0.19 per cent, to end the week at 19,803.38. The average, which on Thursday had gained 423.65 points, or 1.84 per cent, ending at 19,765.48, shed 82.01 points, or 0.42 per cent, in the morning session.

The Tokyo Stock Price Index of all issues listed on the first section was up 2.25 points, or 0.14 per cent, to 1,609.87. The TOPIX rose 29.77 points, or 1.89 per cent, to 1,607.62 the day before.

After declining in the morning, share prices rose back in the afternoon on active buying by foreign investors, traders

said. Earlier in the day, prices tumbled on discouragement about an overnight fall in the Dow Jones industrial average in New York, as well as the yen's renewed strength against the dollar, they said.

In currency dealings, the dollar finished at 104.95 yen, down 0.45 yen from Thursday's Tokyo close and slightly above its overnight New York finish at 104.85 yen. It opened at 104.91 yen and ranged between 104.75 yen and 105.13 yen.

Dealers attributed the dollar's slip to selling on remarks by US Treasury Secretary Lloyd Bentsen Thursday dismissing Japanese press reports that the United States wants an exchange rate of 110 yen to the dollar.

Bentsen was speaking prior to a weekend meeting of finance ministers of the Group of Seven industrialized nations in Frankfurt, Germany.