

India okays \$5b foreign investment

NEW DELHI, Aug 19: The Indian government approved over 2,100 foreign collaboration approvals involving foreign investment worth 156.2 billion rupees (five billion US dollars) during the post-policy period (August 1991 to June 1994), according to the latest official statistics, reports Xinhua.

The statistics indicated that high priority industrial sectors continue to attract over 80 per cent of foreign direct investment.

These are such significant sectors as fuels including power (1.5 billion US dollars), metallurgical industry (484 million US dollars), food pro-

cessing (456 million US dollars), electrical equipment (395 million US dollars) and chemicals (353 million US dollars).

The statistics showed that major share in foreign direct investment approved during 1991 to June 1994 is from the United States (1,880 million US dollars), followed by Switzerland (1,021 million US dollars), Japan (318 million US dollars), Britain (304 million US dollars) and Germany (200 million US dollars).

Meanwhile, actual inflow of foreign direct investment from Britain is 304 million US dollars and from Germany 200 million US dollars.

And actual inflow of foreign direct investment from 1991 to 1993 were 39,431 million rupees (1,271 million US dollars).

Research-dev advisory council to be set up

PTI report says: The government has decided to set up a research and development advisory council to promote research and development (R and D) activities in the food processing sector.

The council will consist of food scientists and experts from the processed food sector and it will coordinate and direct research activities being carried out in a number of technical institutes and indus-

tries in food processing area and also decide the type of research that has to be taken up and priorities to be laid.

This was stated by the Minister of State for Food Processing Industries Farun Gogoi to the members of consultative committee attached to his ministry.

One of the trust areas, for the council will be development and standardisation of traditional foods.

Besides this, it will also scan the technologies available in the food processing sector and see if they are adoptable in the Indian context or not, he added.

China's growth in fixed asset investment may decline

BEIJING, Aug 19: China's growth in fixed asset investment is likely to decline in August after soaring in July compared to a year earlier, according to Qui Xiaohua, a chief economist of the State Statistical Bureau, reports AP.

The rate of year-on-year increase in construction and equipment investment is expected to drop to 50 per cent this month, compared with a year-on-year surge of 72.9 per cent in July. Friday's official China Daily quoted Qui as saying.

In a report issued earlier this week, the bureau warned that the increases posed a threat to the sound growth of China's economy.

The government blamed the sharp increase of the investment last month to construction in local areas despite the government efforts to tighten credit to cool inflation.

Qui said some local authorities had to reduce their investment in April and May when the central government sent inspection teams in those areas. However, construction in those areas picked up again in June despite the central government's call to reduce the investment. In addition, July was the peak month for construction, Friday's report said.

Philippines Airlines ground staff back to work

MANILA, Aug 19: Striking ground staff of Philippine Airlines lifted their pickets and returned to work Friday in compliance with a labour department order, union and management officials said, reports AP.

Under an agreement with labour, management will take back the strikers without retaliatory action. The airline will also take back 40 union officers who led a June 16 strike until their cases have been decided by the labour department.

On Thursday, management had threatened to fire striking ground staff who failed to return to work by noon (0400 GMT). The strike lasted nine days.

The airline, which has been facing protracted labour troubles, said those who failed to report would be considered to have "abandoned" their jobs.

Labour Secretary Nieves Confesor has issued a return-to-work order as part of a deal under which the airline would rehire about 40 union members fired after the June walk-out.

The ground staff union claimed management had reneged on its part of the bargain.

Shekel gains in Tel Aviv

TEL AVIV, Aug 19: The Israeli shekel strengthened slightly against the dollar and a central bank basket of currencies but weakened against the yen and mark, reports Reuters.

The shekel opened and closed the daily under at 3.028 per dollar, compared with 3.037 on Wednesday. The shekel traded at 3.3714 per basket unit against 3.3745 on Wednesday.

The gain of the shekel against the dollar and the basket is for two reasons — the weakening of the dollar against the yen and the mark, and the local supply of dollars," said Ilan Salka of United Mizrahi Bank.

IA-BANGLADESH JOINT COMMISSION



Malaysian Foreign Minister Abdullah Ahmad Badawi (R) and his Bangladeshi counterpart Mostafizur Rahman seen exchanging a signed agreement at the end of the second Malaysia-Bangladesh Joint Commission meeting in Kuala Lumpur yesterday. — AFP photo

US trade deficit falls in June

WASHINGTON, Aug 19: The US trade deficit fell in June to 9.37 billion dollars from 9.52 billion in May the government announced yesterday, but this moderate improvement will probably not last, analysts said, reports AP.

The Department of Commerce revised May's figures which originally charted a deficit of 9.2 billion dollars.

Wall Street analysts had expected a two per cent reduction in June with the deficit falling to nine billion dollars. Exports increased 3.6 per cent to two billion dollars, to total 58.17 billion dollars during the month, thanks to advances in aviation, telecommunications and computer sales, sectors that are traditionally the best performers on the foreign market.

Imports rose 2.8 per cent to 1.86 billion dollars to reach

67.54 billion dollars in June. Nearly half of the increase stemmed from petroleum imports.

Despite the slight improvement in June's trade figures, a number of experts are not expecting additional improvements for the rest of the year.

The strengthening of the US economy has continued to fuel consumer appetites for imports at a time when US exports are suffering from a persistent lack of demand on the foreign markets suffering from slow economic improvement.

For the first six months of the year, the US trade deficit hit an annual rate of 141.2 billion dollars which represents the worst performance since the 1987 record of 152.1 billion dollars.

The US Chamber of Commerce said that "the June

trade figures show the US export policy is stuck in the mud... demonstrating that US export development policy is going now here fast."

Despite a weakening dollar which normally would make US exports more competitive, the United States is probably going to rack up a 141 billion dollar deficit this year, according to the trade association.

A 26 per cent jump to 5.52 billion dollars in the US deficit with Japan in June was "particularly troubling," the chamber said.

This setback came after a year of negotiations between Washington and Tokyo to try to cut the US deficit with that nation (60 billion dollars in 1993) under a framework agreement.

Besides Japan, the US trade balance with China hit a deficit of 2.2 billion dollars in June.

Urea output rises by 11 pc in '93-'94

The production of urea fertilizer has been increased by 11 per cent in the 1993-94 fiscal year in comparison to that of 1992-93, reports UNB.

The production of urea in 1992-93 financial year was 19.82 metric tons while in 1993-94 was 21.81 metric tons.

This was disclosed in 21st meeting of the Parliamentary Standing Committee on Ministry of Industries held at the Jatiya Sangsad Bhaban with State Minister for Industries Lutfar Rahman Khan in the chair on Thursday.

The meeting elaborately discussed the various aspects of the industrial policy and it was informed that the draft report of amended industrial

policy would be placed in next meeting of the committee which is under process.

It was informed in the meeting that Bangladesh Small and Cottage Industries Corporation (BSCIC) has dug 533 acres of land for shrimp culture. BSCIC has cultivated shrimp on 483 acres of land under the semi-intensive process.

Members of the committee Syed Manzur Hossain, Mian Abdullah Wazed of BNP and Md Abdus Sobhan of Jamaat-e-Islami attended the meeting.

Industries Secretary A H M Abdul Haye, Chairman of different Corporations and high officials of the ministry were present in the meeting.

Vietnam to get \$77 m Japanese aid

TOKYO, Aug 19: Japan will award 7.7 billion yen (77 million dollars) in aid to Vietnam, a foreign ministry official said Friday, reports AP.

The aid package will be announced by Prime Minister Tomiichi Murayama during a visit to Hanoi later this month, the official said.

The package will include funding for education, hospitals and infrastructure projects such as roads and buildings, according to media reports.

Murayama will present the package when he meets his Vietnamese counterpart, Vo Van Kiet, in Hanoi on Aug 25, the official said, confirming the media reports on the condition of anonymity.

Asian stock markets close lower

HONG KONG, Aug 19: Asian stock markets closed generally lower Friday, with share prices tumbling both in Tokyo and Hong Kong, reports AP.

Tokyo's 225-issue Nikkei Stock Average fell 350.07 points, or 1.68 per cent, to close at 20,512.70 in reaction to the fall of the US dollar against the Japanese yen. On Thursday, the average gained 38.21 points, or 0.18 per cent, closing at 20,862.7.

The Tokyo Stock Price Index of all issues listed on the first section fell 19.27 points, or 1.16 per cent, to close at 1,643.82.

The dollar closed at 98.35 yen, down 1.53 yen from Thursday's close.

Traders said steel, chemical and shipbuilding shares also fell because of end-of-the-week arbitrage selling, in which

dealers take profits by unloading shares that gained earlier in the week.

In Hong Kong, share prices fell because of interest rates worries.

The Hang Seng Index, the Hong Kong market's key indicator of blue chips, fell 114.45 points, or 1.2 per cent, to 9,404.44. On Thursday, the index had slipped 19 points.

Brokers said investors were worried about an increase in interest rates.

Shortly after the market closed, Hong Kong major banks raised their prime lending rates by 0.50 percentage point to 7.75 per cent.

WELLINGTON: New Zealand share prices closed lower in quiet trading because of worries about rising interest rates. The NZSE-40 Capital Index fell 6.65 points to

2,097.38.

TAIPEI: Taiwan share prices closed sharply higher in active trading because of the easing of interest rates by banks. The market's Weighted Index rose 180.22 points to 6,766.38 after Thursdays 59-point fall.

MANILA: Share prices closed slightly higher in active trading. The Philippines' unlisted composite index of 31 selected issues rose 2.63 points to 3,006.70.

SEOUL: Share prices closed lower in moderate trading. The Korea Composite Stock Price Index fell 3.25 points to 943.23.

SYDNEY: Australian share prices closed lower in response to a decline in share price index futures and weakness on the bond market.

Grasshoppers invade New Delhi

NEW DELHI, Aug 19: For the first time in nearly 20 years, swarms of grasshoppers have appeared in northern India, sweeping through neighbourhoods of New Delhi and nearby farms and villages, reports AP.

Clinging to trees, bushes and windowpanes, the grasshoppers recently hatched from eggs and are enjoying the results of a good monsoon in the capital: lush green parks and gardens.

Given how hot New Delhi is during the summer, many people sleep with their windows open and have no screens. So many of them have had to turn off their lights at night to avoid having grasshoppers fly into their homes and cover their walls.

A constable in the Mayur Vihar section of New Delhi told Friday's Pioneer newspaper that grasshoppers have hit his area so hard that some people have had to leave their homes.

"This isn't a major invasion. There will be some damage to vegetation, but no big economic challenge to the area. And it will be controlled in a few days with pesticide sprays," said I. F. Malhi, joint secretary at the ministry of agriculture.

Grasshoppers rarely appear in northern India, where few farmers grow their favourite meals: sorghum and maize. But they were once a major problem in 1950 and also appeared in 1975, Malhi said.

Indian fishermen protest against giving licences to foreigners

UNITED NATIONS, Aug 19: Workers in India's fishing industry warned Thursday that New Delhi's decision to grant licences to foreign, high-technology fleets could decimate fish in coastal waters and devastate the livelihood of local fishermen, reports AP.

The National Fishworkers Forum pledged to launch a nationwide campaign against joint ventures with foreigners on September 1 and to call a nationwide strike on November 23 if their demands are not met, the group's general secretary, Harekrishna Debnath, told a UN fisheries conference.

The conference is trying to come up with a way to regulate fishing on the high seas beyond the 200-mile limit.

Pak-Swiss draft pact to avoid double taxation

ISLAMABAD, Aug 19: Pakistan and Swiss Confederation Wednesday initiated an approved draft for avoidance of double taxation with respect to taxes on income between the two countries, reports AP.

Pakistan was represented by Member Income Tax, Central Board of Revenue (CBR) M Iqbal Farid, while Danial Luthi, Deputy Director of the Swiss Federal Tax Administration, head of the Division for International Taxes, initiated the draft on behalf of his government.

The draft agreement contains detailed provisions relating to taxation of various types of income with the residents of either states may derive from sources in the other state.

Since certainly regarding tax matters is an important pre-requisite for investment and economic collaboration, the proposed tax agreement would play an important role in fostering closer economic relations between the two countries.

Major Russian vodka maker declared insolvent

MOSCOW, Aug 19: The bottle is running dry for one of Russia's top vodka makers. Bankruptcy officials have declared insolvent the Kristall joint stock company, maker of Stolichnaya and two dozen other brands of the national drink, reports AP.

Kristall has debts of 6.7 billion rubles (3 million dollars), and the state, which owns 51 per cent of the company, plans to work with management to restructure the company.

"I can assure you that no one wants to close vodka production," said Nodar Sarkisian of the Federal Bankruptcy Administration, which has been handling the case. "We shall together see what can be done."

Kristall officials disputed the ruling and said they have appealed to the city and federal governments.

The government, which for centuries had a monopoly on vodka sales, still has a stake in the fortunes of Russian distillers. In February, the state

lowered excise duties on Russian vodka from 90 per cent to 80 per cent to try to help the troubled domestic industry.

Russian distillers have been struggling to adapt to a new market awash with foreign brands. Expensive foreign vodkas often have more prestige than domestic ones, and cheap foreign bottles can undercut domestic ones by avoiding the excise duty.

In February, with sales and production plummeting, Kristall briefly sent its 700 workers on unpaid leave to protest taxes and tariffs.

On Tuesday, company officials said their debts are just part of a larger cycle of non-payments affecting Russia's post communist economy.

"We owe nothing to the state, we have taken no loans from the government, we have paid all our taxes," said chief engineer and acting director Yuri Yermolov.

"Of course we have some cash flow difficulties. Nowadays

everyone has problems like that because of the debts companies owe each other," he said.

The state stepped up efforts this summer to shut or reorganize companies that aren't paying their bills. Many inefficient state enterprises from Soviet days have continued operating at a loss, loath to lay off workers.

In other cases, the state wants more accountability over company directors who are increasingly acting on their own, while the government pays the bills. That appeared to be the case with Kristall.

"They spend too little on production, and 63 per cent on endless construction of God knows what," said Sarkisian.

He said the government will consider replacing Kristall's management.

Vodka makers have said the excise duty nearly doubles the price of a bottle of vodka. Stolichnaya now sells for about 3,000 rubles 1.50 dollar a half liter (one pint).

NAFTA creates 'win-win-win situation' for all 3 states

WASHINGTON, Aug 19: The North American free trade agreement has created a "win-win-win situation" for the United States, Mexico and Canada as all three countries have benefited from the deal, commerce secretary Ron Brown said yesterday, reports AP.

The free trade accord, which came into force in January, has widened trade between the three signatories with Mexican imports shooting up 21 per cent to 23.4 billion dollars.

US exports to Mexico increased 17 per cent compared to last year and reached the record high of 24.5 billion dollars in the first quarter.

Brown said, referring to figures for the first six months of 1994.

US exports to Canada, the number one US trading partner, increased by 10 per cent to 55.6 billion dollars during the first six months of the year.

Canadian imports to the United States rose 10 per cent to 61.4 billion dollars.

"NAFTA is truly living up to its promise as a win-win-win situation," Brown told reporters. "All three countries have benefited by NAFTA."

Analysts however did not share Brown's upbeat appraisal of the NAFTA agreement with some pointing to Mexico's

gains as a potential threat to the US economy.

"Our imports from Mexico rose faster than our exports to Mexico in the first six months," said economist Shea Lee of the labour-backed economic policy institute.

"I'm a little puzzled as to why they are selling this as a big success story," she said.

The US trade deficit within North America widened from 478 million dollars to open billion dollars from May to June.

Brown attributed the growing trade deficit to increased imports from Canada in May from 831 million dollars to 1.3 billion dollars in June.



A Palestinian cashier counts Israeli shekels in the Commercial Bank of Palestine that opened its first branch in Ramallah on Thursday. The Commercial Bank of Palestine is the first Palestinian owned bank with a capital of 13 million US dollars. — AFP photo

Palestinian economic activities increase in Gaza: WB

JERUSALEM, Aug 19: The World Bank says the Palestinian Authority has made serious progress in setting up financial institutions in the self-rule areas of Gaza, Jericho, and the improvement should allow 40 development projects to be launched in the near future.

"The Palestinians have understood that they cannot rely on others to do the work for them," said Prem Garg, the World Bank's coordinator of aid for the Palestinians.

Speaking to AFP Thursday, Garg said "misunderstandings" had been cleared up, notably at his last meeting with PLO Chairman Yasser Arafat in Gaza on August 9.

Palestinian Authority steering self-rule, has criticised international donors repeatedly for failing to deliver the sums pledged to develop the autonomous areas.

He said the European Union, the United States, Japan and the World Bank were delaying the release of 720 million dollars pledged for this year.

PLO officials say only 47.5 million dollars has been released.

But Garg put the figure at between 150 and 200 million dollars, provided by the World Bank, the UN Relief and Works Agency for Palestine refugees (UNRWA), and on a bilateral basis by several countries and the UN Development Progra-

me (UNDP).

"The Palestinians have realised that a promise of aid does not mean the immediate signing of cheques," he said.

"They are also perfectly aware that they have to raise taxes to prove their credibility."

But Garg acknowledged that a taxation system could not be set up overnight, and the Palestinians needed computer programmes and trained civil servants.

He said the improvement in relations between the World Bank and the Palestinians would be reflected in the launching of 40 projects to modernise roads, the electricity grid and water distribution systems this year costing 57

million dollars.

"The money is available and invitations to tender will be published in the next few days," Garg said.

The Palestinians had simply to appoint a firm of engineering consultants to supervise the projects.

Some 60 million dollars to finance the current budget were also available, provided by about a dozen countries and administered by the World Bank.

The aid would be released in monthly packages of 13 million dollars: five million to pay employees of the Palestinian Authority and eight million for running costs.

"The Palestinians have to present us with invoices to en-

sure regular payments," Garg said.

Israel and the PLO announced after autonomy talks Thursday that they had agreed to submit a joint assessment to international donors for the anticipated Palestinian deficit of between 30 and 40 million dollars.

The World Bank could not help to fund the 7,000-strong Palestinian police force, Garg explained.

"Our statutes and the laws of several donor countries prohibit the financing of security forces."

He said such aid should be channelled through the UNDP. Odin Knudsen, a World Bank official appointed to head a bureau of the bank opening

in Gaza in September, said donor countries "must understand that autonomy requires a credible police force to implement the law and maintain order — that is the necessary condition for establishing stable institutions," Garg acknowledged that "economic changes had been 'too slow' for the Palestinian people.

There were three reasons for the delay, he said.

Self-rule was launched five months behind schedule, the Palestinians had trouble transforming the PLO into a "government structure" and donor countries "perhaps were not sufficiently aware of the need for immediate aid for this difficult transition period."

Canada tightens banking restrictions against Haiti

OTTAWA, Aug 19: Canada tightened banking restrictions against Haiti Thursday, prohibiting all financial transactions with the Caribbean country except for humanitarian or diplomatic reasons, reports AP.

Foreign Minister Andre Guellet said Canada wanted to "ensure the total isolation of the de facto regime in Haiti" led by military strongman General Raoul Cedras.

Cedras ousted elected president Jean-Bertrand Aristide in September 1991.