

Indian industry recovers this year

NEW DELHI, Dec 30: The year 1994 saw Indian industry recovering with its growth picking up considerably after a recessionary trend over the last three years, says Xinhua.

The Index of Industrial Production (IIP) during the first five months of the current fiscal year registered a 7.4 per cent growth, the highest since the announcement of the new industrial policy in July 1991.

If the IIP continues to show a rising trend during the remaining period of the fiscal year, Indians' industrial production would double compared with last year, officials here said.

India's industrial production has grown at an average of less than two per cent over the past three years. The Industrial Development Bank of India has predicted that India's industrial production is all set to grow at eight to nine per cent in 1994-95.

President of the confederation of Indian industry Subodh Bhargava said that industries such as automobiles, textile machinery, auto components, petrochemicals and consumer electronics are showing a growth of over 20 per cent this year. Other industries such as fertilizer leasing hire purchase, tractors, pumps crude oil, tyres, tubes construction and electrical power generation are performing to growth rates, above 10 per cent.

MD-90-30 aircraft to be jointly made by Chinese firms

CHENGDU, Dec 30: Chinese aircraft manufacturers will independently turn out 20 new models of McDonnell-Douglas aircraft for the company before the end of this century, according to the China National Aviation Industry Corporation (CNAIC), reports Xinhua.

The MD-90-30 aircraft will be jointly made by four Chinese companies. The Chengdu Aircraft Company will manufacture the nose, the boarding gate, the service gate, and the stairs.

A recent survey jointly conducted by experts from CNAIC and the MD company verified the production capability of the Chengdu company, sources here said.

As early as in 1988, the Chengdu company signed a contract with MD for the production of 100 noses for the MD-80, and recently delivered the 24th nose it had produced for the company.

New Pemex chief named

MEXICO CITY, Dec 30: Adrian Lajous Vargas was named director general of Mexico's oil monopoly Petroleos Mexicanos, or Pemex, government officials said Thursday, reports AP.

Lajous Vargas replaces Carlos Ruiz Sacristan, who was named Secretary of Transport and Communication in a Cabinet shuffle, according to a statement from President Ernesto Zedillo's office.

Ruiz Sacristan, who had been head of Pemex since January 1, fills the administration post held by Guillermo Ortiz Martinez until he was tapped to become Treasury Secretary with the resignation of Jaime Serra Puche. Serra Puche stepped down following a 30 per cent devaluation of the Mexican peso.

Before his appointment as Pemex chief, Lajous Vargas was head of energy and industrial investment in the Commerce Department.

Lajous Vargas was born in Mexico City and studied economics at the National Autonomous University of Mexico and at Cambridge University in Britain.

Labour unrest hits foreign investment in Sri Lanka

COLOMBO, Dec 30: A wave of militant labour unrest in Sri Lanka is dicing down but the problems may be diverting foreign investment into safer neighbouring countries, investors and analysts said today, reports Reuter.

They said foreign investors were postponing planned expansions after a series of private-sector strikes that began last month, and were looking at neighbouring countries where the climate was less volatile.

"The Japanese were shocked. They were going to set up two more factories but now have delayed the projects for two years," said Tissa Jayaweera, Chairman of Noritake Lanka Ceramic.

Noritake workers demanding a change in management

and higher pay held their Japanese Managing Director hostage for eight hours earlier this month.

This is the first time this type of violence has been seen in Sri Lanka. The Japanese left Iran and Colombia (because of unrest) and they will leave Sri Lanka if this continues," Jayaweera cautioned.

He said Noritake was looking at investment possibilities in Bangladesh.

"Although the impact has lessened now, the damage has been done. We have shot ourselves in a couple of toes," said Mano Tittawela, Chief Executive Officer of Stockbroker Lanka Securities Ltd.

Workers also went on strike and took hostages at the prima bread factory, a Singapore joint venture, Korea-Ceylon Footwear, a graphite mine, and

several garment factories.

Some of the strikers were prosecuted while others were sacked.

The unrest came just three months after a People's Alliance (PA) government took power, breaking 17 years of United National Party rule.

Analyst said that while in opposition, the PA had made many a promise which the workers were now demanding that the government fulfill.

To deal with the militancy, the government set up a special police unit as well as a committee of officials and trade unionists to negotiate labour disputes.

President Chandrika Bandaranaike Kumaratunga met business leaders to assure them the government would deal firmly with law breakers.



File photo dated July 1989 of an Airbus-321 jetliner. The Airbus Industrie Consortium has sold 30 airliners to the US leasing company International Lease Finance Corporation (ILFC) in a deal believed to be worth 1.8 billion dollars. The firm order was for eight A319 airliners, thirteen A320 and nine A321 units. —AFP photo

S&P raises rating on Malaysia's debt

NEW YORK, Dec 30: US financial ratings firm Standard and Poor's yesterday upgraded its ratings on Malaysia's foreign currency-dominated debt, citing the government's prudent fiscal and monetary policies, reports AP.

S and P raised its rating on Malaysia's long-term foreign currency-dominated debt to single-a-plus from single-a. Short term foreign currency-dominated debt was upgraded to a-1—plus, a-1.

The outlook on the Malaysian government's long-term local and foreign currency ratings is stable, the New York-based firm said.

The upgrade is warranted, S and P said in a statement, by Malaysia's steady progress in diversifying its export-based economy, prudent macro economic management and a political system that effectively balances the demands of Malaysia's multi-ethnic society.

The higher long-term local currency rating reflects the government's capacity to service this debt through taxation and control of the financial system, the statement said.

S and P also raised its long-term foreign currency ratings on Tenaga Nasional Berhad, the leading Malaysian electrical utility, and on Petroleum Nasional Berhad, the country's public oil group. Both companies' ratings were upgraded to single-a-plus from single-a.

Inflation in Yugoslavia down to zero

BELGRADE, Dec 30: Official statistics released by the government Thursday said annual inflation in Yugoslavia was zero per cent, despite the rise in some prices and the black market exchange rate, reports AP.

An economic programme implemented 11 months ago curbed last year's world record inflation of 286 billion per cent and put the dinar on a par with the German mark.

But the government admitted some prices have risen slightly and the famous "super" dinar has already been exchanged for 1.4 marks on the black market, threatening to undermine the economic programme written by former World Bank employee Dragan Slav Avramovic.

"The state publishes far better results than what they really are," Jovan Rankovic, an independent economist, said. "Our economy is in an even worse position than last year."

He said that the government financed production by printing money last year, while in 1994 it could not supply basic goods to keep the production going.

Rankovic charged that the convertibility of the dinar is unreal and put the inflation rate at an estimated 120 per cent in 1994.

The strong dinar, backed by firm price controls, brought relief to citizens, who no longer have to lug bundles of worthless dinars trying to beat hourly price hikes.

\$35.2m Japanese grant to Peru

LIMA, Dec 30: Japan will grant 35.2 million dollars in 1995 to help build hospitals and buy agricultural equipment in Peru's poorest regions, Japanese Ambassador Monisha Aoki said Thursday, reports AP.

The ambassador said a Japanese delegation would travel to Peru in the near future to examine the political situation and evaluate needs in the agricultural sector.

Aoki met earlier with the Chairman of Congress, Jaime Yoshiyama Tanaka, to discuss boosting trade between the two countries and improving relations.

Asian stock markets close mixed

HONG KONG, Dec 30: Asian stock markets closed the year generally higher or mixed Friday in mostly sluggish or shortened trading, reports AP.

In Tokyo, share prices closed mixed in morning only trading, while the US dollar stood lower against the Japanese yen.

The benchmark 225-issue Nikkei Stock Average fell 29.92 points, or 0.15 per cent, to finish 1994 at 19,723.06. The average closed up 87.45 points, or 0.44 per cent, to 19,752.98 on Thursday.

The Tokyo Stock Price Index of all issues listed on the

first section rose 4.75 points, or 0.31 per cent, to 1,559.09. The TOPIX rose 2.55 points, or 0.16 per cent, to 1,554.34 the day before.

The Tokyo Stock Exchange will be closed through January 3, and reopen for another holiday — January 4 before resuming normal trading.

Traders said a drop in futures prices pulled down the spot market in the last half-hour of trading, but overall advancing issues outnumbered decliners 570 to 390 with 176 issues unchanged.

Meanwhile, the dollar was trading at 99.83 yen at late

afternoon, down 0.10 yen from its level in Tokyo late Thursday but above 99.70 yen in late New York trading overnight.

In Taipei, share prices closed sharply higher, boosted by a year-end buying spree from local institutional investors. The Taiwan's market Weighted Index rose 83.67 points, or 1.2 per cent, to close at 7,111.10, its highest level since October 4.

The markets were closed in Manila, Jakarta and Seoul for the New Year holidays.

HONG KONG: Share prices closed mixed in thin trading after late overseas selling erased early gains. The Hang Seng Index, the market's key indicator of blue chips, fell 4.98 points to 8,191.04.

WELLINGTON: Share prices closed higher in quiet, shortened trading ahead of the New Year holidays. The NZSE-40 Capital Index rose 4.87 points to 1,914.24.

SYDNEY: Australian share prices closed lower because of a general lack of buying activity. The All Ordinaries Index fell 20.1 points to 1,912.7.

KUALA LUMPUR: Malaysian share prices closed higher but traders said dealings were slow and quiet. The KLESE Composite Index rose 4.07 points to 971.21.

SINGAPORE: Share prices closed slightly lower in thin trading with most brokers spending the time reading or holding office parties. The 30-share Straits Times Industrials (STI) Index fell by 3.46 points to 2,239.56. Volume was a thin 45 million shares, five million short of Wednesday's 1994 record low.

BANGKOK: Thai share prices closed slightly higher in thin trading as most foreign players were absent. The stock Exchange of Thailand (SET) Index rose 7.20 points to 1,360.09.

Japan's jobless rate stands at 2.9 pc in Nov

TOKYO, Dec 30: Japan's monthly-adjusted unemployment rate stood at 2.9 per cent in November, down from three per cent in the past four months, the management and coordination agency said today, reports AP.

This was the first drop in the jobless rate in seven months, and marks an improvement, albeit slight from the highest level since June 1987.

An agency spokesman said the worst was probably over.

The unemployment for men was 2.9 per cent in November, down 0.2 per cent from the previous month, while the jobless rate for women levelled off at three per cent, the agency said.

The number of employed individuals dropped 250,000 from a year earlier to 64.58 million — the fifth consecutive months of decline.

While jobs in the manufacturing sector decreased by 620,000, the number employed increased 20,000 in the wholesale, retail and restaurant industries, the agency said.

Meanwhile, the Labour Ministry said in a separate report that the ratio of job offers to job seekers was 0.64 in November, unchanged for three months in a row.

The ratio had been moving mostly downward since March 1991, when it peaked at 1.45, to 0.62 in July, the lowest since February 1987.

ATT, AEC sign \$252m contract

RIYADH, Dec 30: The US group ATT has signed a 252-million dollar contract with the Riyadh-based Advanced Electronics Company (AEC) for the local manufacture of printed circuit boards for the Saudi telephone system, reports AP.

A statement released here Monday said the contract made AEC the first local partner of ATT, which won a four-billion-dollar contract in May to expand and modernise the Saudi telecommunications network.

The project is aimed at doubling the capacity network. The project is aimed at doubling the capacity of the network, which will eventually have three million digital lines.

ATT is to set up digital telephone installations throughout Saudi Arabia with digital micro-wave links to rural areas. It will provide a service for more than 200,000 subscribers.

US delaying first shipment of oil to N Korea

SEOUL, Dec 30: The United States ordered the delay of a first shipment of oil it promised to North Korea under a nuclear deal, oil industry officials said Friday, reports AP.

"The Defence Department gave no reason for the delay," a spokesman for Honam Oil Refinery Co. Lee Byong-mo, said Friday. "And we have no word yet from Washington on when to deliver the oil."

Under a contract with the US Defence Department, Honam had originally been scheduled to deliver shipment of oil worth 4.2 million dollars to North Korea by Friday.

But citing the difficulty of chartering a tanker, US officials issued an order to delay the first shipment a few days before the helicopter incident occurred on December 17, Honam and industry officials said.

While disputes over the downed helicopter flared last week, American officials ordered the shipment be delayed until after January 15, they said.

Oil industry insiders said they expect the delay will be called off because the North Koreans resolved a dispute with the US Friday by freeing Chief Warrant Officer Bobby Hall, whom they had held since December 17.

Hall and his co-pilot, David Hilemon, were flying an unarmed Army OH-58A which entered North Korean territory where it either crashed or was shot down.

Under a nuclear deal signed October 21, the United States is required to supply the communist North with two modern nuclear reactors, worth four billion dollars, plus diplomatic recognition from

Washington.

The deal also calls for Washington to supply 50,000 tons of heavy oil in 1994, 150,000 tons in 1995 and 500,000 tons annually thereafter until the new reactors are built by 2003.

In return, North Korea must freeze and eventually dismantle its old-fashioned nuclear facilities, suspected of being used to develop atomic bombs.

Coffee beans exports fall in Costa Rica

SAN JOSE, Dec 30: Representatives of Costa Rica's coffee-growing sector complained on Wednesday that exports of coffee beans have dropped by as much as 50 per cent in the last quarter of this year, because exporters are holding back the beans, reports Xinhua.

Coffee exports in the last three months were estimated at 600,000 quintals (100 kilograms), but as pointed out by the coffee-growing and coffee-exporting organizations, the actual export figure was only 280,000 quintals.

The court has ordered that the government suspend taxation until the complaints are resolved. Meanwhile, coffee growers are awaiting a decision before they put their coffee beans up for sale.

Nevertheless, it has also been estimated that Costa Rica's coffee production will continue to fall this year, mainly as a result of the deterioration of coffee plants. Coffee growers expect the output to reach 2.6 million quintals.

US dollar strengthens

NEW YORK, Dec 30: The dollar strengthened Thursday, bouncing back in thin trading as panic over Mexico's financial crisis subsided and traders decided that the US currency's sell-off the day before was overdone, reports AP.

Technical market influences and concerns that the United States would become ensnared in Mexico's problems caused the dollar to drop three pfennigs against the German mark Wednesday to its lowest level in several weeks.

The plummeting contributed to jumpy trading Thursday, but investors were calmed by the steady peso, which firmed against the dollar amid word that Mexico's government was arranging a rescue package for the economy with foreign help.

The peso was trading at 4.875 to the dollar late Thursday afternoon, compared to 4.975 late Wednesday. The currency had lost nearly one-third of its value against the

dollar since December 19 amid an economic crisis triggered by an insurgency in the southern Chiapas region.

In late New York trading, the dollar was quoted at 1.5533 German marks, up from 1.5425 late Wednesday. Earlier in London, the dollar was trading at 1.5487 marks, down from 1.5708.

The dollar also was changing hands in New York at 99.70 Japanese yen, up from 99.21 Wednesday. In London, the dollar was quoted at 99.61, down from 100.34.

The Commerce Department said its Index of Leading Economic Indicators posted a higher-than-expected 0.3 per cent gain in November. Reports of strength in the economy buoy the chances that the Fed will raise rates in January.



A Hong Kong police department narcotics officer displays the 1000 kilos of cannabis at the police headquarters on Wednesday. The drugs valued at 6.5 million US dollars believed to have been made in China and were intended to be distributed around Asia. — AFP photo

Mexican president sacks treasury chief, announces plan for peso

MEXICO CITY, Dec 30: Mexico's tough-minded treasury secretary has become the first political casualty — some say scapegoat — of Mexico's two-week-old currency crisis, reports AP.

President Ernesto Zedillo sacked Treasury Secretary Jaime Serra Puche on Thursday and announced an emergency programme to confront the financial crisis triggered by the peso's plunge. Zedillo said Mexico would accept an international financial package to help stabilize its economy.

"To undertake and execute this emergency economic programme with the credibility demanded by the circumstances, I have accepted the resignation of Jaime Serra Puche," Zedillo said.

"We recognize that we underestimated the problem, and that his underestimation was

very grave," he said. Zedillo's comments were his first public answer to criticism from Wall Street and elsewhere that his month-old administration had lost control of the economy. The ouster of Serra Puche was the first Cabinet shakeup since Zedillo began his six-year term on December 1.

"People wanted blood," said Felix Boni of the Mexico City stock brokerage firm Interacciones. Serra Puche had spent only 19 days on the job.

Mexico's currency crisis began on December 20 when the peso was devalued. The government two days later said it would stop supporting the currency, which led to further declines that pushed its value down more than 30 per cent.

At the root of the peso's difficulties was speculative selling that began months ago and

worsened due to tensions between the government and rebels in southern Chiapas state.

Angry foreign investors accused Zedillo of misleading them.

"The government said all along it wouldn't devalue. Overnight, it devalued," said David Solin of Foreign Exchange Analytics in New York.

Solin noted Serra Puche had told Mexican media late December 21 that the government would no longer support the peso. Foreign investors weren't advised until the following day, and US investors lost as much as 10 billion dollars in Mexican stocks during the crisis.

"I think Jaime Serra Puche put his head on the plate ... saying the peso would not be devalued when it was clear there was a lot of pressure" to

devalue it, said Sergio Sarmiento, a private analyst.

Serra Puche had served as commerce secretary under past President Carlos Salinas de Gortari and was highly regarded as Mexico's negotiator for the North American Free Trade Agreement. He, Zedillo, was a graduate of Yale University.

The ousted treasury secretary will be replaced by Guillermo Ortiz Martinez, another US-educated economist and the current communications and transport secretary.

With the help of Martinez, Zedillo hopes to put Mexico's economy back on track.

Zedillo said in his comments Thursday that his economic plan would fight wage and price inflation and count on unspecified emergency funding from the world community.

He said the plan would involve an accord with businesses to keep inflation down, stimulate foreign investment and keep economic growth on track.

The United States, Canada and the other members of the Group of Seven industrialised nations have discussed a package of up to ten billion dollars to help stabilise the battered peso. Officials here and in Washington said Mexico has so far not drawn on a package of currency swap loans to stabilise the peso.

The United States last week provided six billion dollars and Canada another one billion dollars in credits.

The peso was trading at 4.875 to the dollar Thursday in Mexico, up slightly from 4.975 on Wednesday.

While financial markets may have demanded a scapegoat for the financial crisis, Sarmiento

said, "the real guilty party is a series of political events that shook the country and made investors take their money out."

This year, Mexico has seen an Indian uprising in Chiapas, two major political assassinations and a controversial presidential election.

The devaluation has brought criticism from Argentina, Brazil and other South American countries because of negative effects on their foreign investments. It also hurt year-long Mexican efforts to set up a free-trade agreement with Colombia and Venezuela.

On Thursday, Colombian Trade Minister Daniel Mazuera Gomez said the Group of Three Nations accord would not go into effect as planned on Sunday because it lacked the approval of Colombia's Constitutional Court.

Exchange Rates

Following are the Sonal Bank's dealing rates to public for some selected foreign currencies effective as on December 30. (Figures in Taka)

Currency	Selling		Buying	
	TT & OD	EC	TT	OD
US Dollar	40.3750	40.4050	40.0950	40.0100
GBP	63.3608	63.4079	61.9426	61.8112
DM	26.2496	26.2691	25.5431	25.4890
F Franc	7.6080	7.6136	7.3987	7.3581
C Dollar	29.0447	29.0663	28.2520	28.1921
S Franc	31.0980	31.1211	30.2477	30.1836
Jap Yen	0.4102	0.4106	0.3952	0.3943
IRS	1.2915	1.3012	1.2697	1.2506
Pak Rupee	1.3147	1.3246	1.2925	1.2731
Iranian Ryal	0.0232	0.0234	0.0228	0.0225
A) T. T. (DOC) US Dollar Spot Buying Tk. 40.0657				
B) Usance Rate:				
30 Days	39.7447	39.4607	39.1767	38.8927
60 Days				
90 Days				
120 Days				
180 Days				
C) US Dollar sight bill 3 months forward purchase: Tk. 40.0100				
D) US Dollar sight bill 3 months forward sale: Tk. 40.6050				
E) Indicative Rates				
Currency	Selling		Buying	
	TT & OD	EC	TT	OD
S Ryal	10.7686		10.6302	
UAE Dirham	10.9937		10.8559	
Kuwaiti Dinar	134.5199		132.8016	
D Gulders	22.8807		22.5831	
S Krona	5.3983		5.3159	
Malaysian Ringgit	15.7522		15.5509	
Singapore Dollar	27.5972		27.2322	