

WB approves \$360m rural loan for China

WASHINGTON, May 31: The World Bank on Thursday announced that it had approved loans worth 360 million dollars to help improve rural living standards and road networks in two Chinese provinces, reports AFP.

In the northwestern province of Gansu the bank will contribute 150 million dollars to a 259 million dollar project for the voluntary resettlement of 200,000 poor people to newly developed irrigated land.

The effort also includes programmes to preserve soil and water resources and to boost agricultural production.

In Henan, a landlocked region of China's central plain, a World Bank loan of 210 million dollars will help build a 136-kilometre (85-mile) highway segment and improve around 1,700 kilometres (1,000 miles) of rural roads in poor countries.

Another part of the project, valued overall at 605.6 million dollars, aims to bolster road safety and training in highway design.

WB okays \$89m loan to Russian Federation

WASHINGTON, May 31: The World Bank announced Thursday that it had approved an 89 million dollar loan to support the development of capital markets in the Russian Federation, reports AFP.

The development of capital markets in Russia will increase the efficiency of capital accumulation and allocation in the country and strange then market incentives for improved corporate governance," said Juergen Franz, a bank project task manager.

The loan, payable in 17 years including a five-year grace period, will support efforts to improve the regulatory infrastructure and to provide computer technology and telecommunications equipment.

Another component would establish a computerised tracking system at the Russian Ministry of Finance to monitor securities issued by the Russian government.

The World Bank said it had now contributed more than five billion dollars to transition projects in the Russian Federation.

Indian consumption of transport fuels soars

SINGAPORE, May 31: India's consumption of transport fuels is soaring due to a rapid rise in the number of automobiles on its roads, an oil industry conference was told here Tuesday, reports AFP.

The compounded annual growth rate of transport fuels is expected to be around 7.5 per cent during the next 10 years," said M S Ramachandran, Executive Director for sales of Indian Oil Corp. Ltd.

He said India's demand for gasoline would touch 13.2 million tonnes and diesel 77.6 million tonnes after 10 years. Consumption in 1995-96 was estimated at 4.7 million tonnes and 32.3 million tonnes respectively.

The country is experiencing a near explosion in the vehicle population," Ramachandran told delegates to the conference.

He said that besides upgrading of Indian car makes, "many multinational companies are entering the Indian automobile sector in a big way offering a variety of new generation models."

The number of gasoline-driven cars is expected to reach 9.2 million after a decade, from the current level of 3.2 million, he said. The number of scooters and motorised rickshaws is projected to rise to 79 million from 23.4 million.

The number of diesel-driven commercial vehicles would rise from the current 2.1 million to 7.7 million over the next decade and that of diesel-powered passenger cars and jeeps from one million to 4.4 million.

Several international automobile manufacturers have entered India or are planning to penetrate the market to exploit the growing purchasing power of the country's expanding middle class.

G7 next annual summit to be held in Colorado

WASHINGTON, May 31: The White House announced on Wednesday that the annual summit of the Group of seven nations will be held next year in Denver, Colorado, reports Reuters.

Spokesman Mike McCurry said the meeting of leaders from the world's seven largest industrial democracies would be held in the third week of June, 1997. The G7 includes the United States, Britain, France, Germany, Italy, Canada and Japan.

President Bill Clinton informed Colorado Governor Roy Romer of the decision during a White House meeting on Wednesday, McCurry said.

The president feels that Denver will be an excellent choice given its role as a financial, transportation and connecting all parts of the country and an exciting place to showcase for the world's important gathering of world leaders," McCurry told reporters.

Second day power strike in Lanka plunges nation into blackout

COLOMBO, May 31: At noon Wednesday, the refrigerator stopped buzzing and the fans stopped whirring in Nishantha Abeywardena's suburban home. By Thursday, the drinking water was finished and neighbourhood grocery stores were closed. His 10-month-old triplets all broke out in heat rashes and cried throughout the night, reports AFP.

It was the second day of a strike by power company workers that plunged the nation into a blackout.

President Chandrika Kumaratunga ordered the 14,000 employees of the state power company back to work, using emergency laws punishable by imprisonment and confiscation of homes.

Police and army troops went to dozens of homes to bring strike leaders back to work, but most had gone into hiding, police sources said.

Later, police arrested 20 company officials, most of them engineers, when they

tried to hold a news conference at a trade union office. In a statement distributed to reporters, they called on colleagues to continue the strike if they are caught.

Unions controlling ports, railroads and other public utilities were meeting Thursday to decide whether to join the strike to protest the government tough action.

The power workers are demanding wage increases of 40 per cent and a halt to the proposed privatisation of another state-owned power utility, Lanka Electricity Company Ltd.

Nishantha Abeywardena and his wife Uthpala, 26, couldn't care less about the macro issues.

"This is a crazy situation. I have never come across this before. If there is a crisis, and the government does not wish to give in, then they should have been an alternative," said Abeywardena, 29, a sales agent for the US-based Digitek

Equipment Corp. In Sri Lanka's tropical humidity, the food in their fridge has spoiled, and Uthpala cannot feed her children their normal diet of soup, fish and vegetables. Instead, they eat dry cereal.

On Wednesday evening, the city-supplied water ran dry in the tap. With no electricity to boost water into the overhead tank, the reserve supply also was finished by the morning.

Uthpala used 10 bottles of mineral water for her children on the strike's first day. By Thursday morning, 15 more bottles were gone.

Nishantha was testing an abandoned well in the neighbourhood to draw water, but water levels have been badly affected by poor monsoon rains this year.

Banks closed early, so Nishantha borrowed cash from friends to stock up from one of the few large super markets that remained open. Most gasoline pumps were closed, but

he had to drive into the city for the supplies. Like most companies, his office closed when the generator became overloaded. Workers were told not to come back until power is restored.

"There is no public transportation, no shops open to sell food, and also the workers are having major problems of their own at home," he said.

The family doctor advised him to take the triplets to a clinic. All morning, Nishantha phoned private hospitals, only to be refused. The hospitals all said they were admitting only emergencies. Many hospitals were releasing as many patients as they could.

In the still, dark night, the Abeywardenas can reflect how things may get worse. State-owned Sri Lanka Telecom said its services already were relying on overloaded standby generators. Once they fail, every phone in the country will go dead.

US dollar, stocks close higher in Tokyo

TOKYO, May 31: The US dollar was higher against the Japanese yen Friday afternoon in Tokyo, while prices on the Tokyo Stock Exchange finished moderately higher, reports AP.

At 5 PM (0800 GMT), the dollar was traded at 108.36 yen, up 0.64 yen from its level of 107.72 yen late Thursday in Tokyo and higher than its late New York trading level of 107.65 yen overnight.

Traders worried about a possible underestimate hike amid Japan's strengthening economy bought dollars on comments by Japan's chief government spokesman Friday morning suggesting interest rates will remain low.

In the afternoon, Bank of Japan Governor Yasuo Mutsuhita said before a parliamentary committee that raising interest rates could discourage investment and worsen the unemployment situation.

Lower interest rates make a country's currency less attractive to investors.

The release of data early Friday showing Japan's employment jumped back up to a record 3.4 per cent in April, from 3.1 per cent in March, also helped boost the dollar with traders saying it was further evidence that Japan's recovery remains fragile.

The dollar traded between 107.68 and 08.58 yen Friday in Tokyo.

On the stock market, traders said much anticipated buying by newly formed investment trusts failed to appear Friday with the market moving in a directionless tone.

The 22-issue Nikkei Stock Average gained 69.84 points, or 0.32 per cent to close at 21,956.19 points. On Thursday, the average fell 135.15 points or 0.61 per cent.

The Tokyo Stock Price Index of all issues listed on the first section was up 7.16 points, or 0.43 per cent to finish the session at 1,680.57. The TOPIX was down 7.45 points, or 0.44 per cent, the day before.

Aussie food group sells several Asian businesses

SYDNEY, May 31: Australian food group Goodman Fielder Ltd said Thursday it was selling several small Asian businesses following a review of its priorities in the region, reports AFP.

Chief Executive David Hearn said the company was withdrawing from a number of interests in Asia that did not fit in to the company's plans for large-scale businesses in the region.

"In the medium term, we will put our efforts into building a strong branded presence through our exports from Australia and New Zealand," Hearn said.

He said exports currently totalled about 140 million dollars (112 million US) and were growing at a rate of about 20 per cent a year.

"We will focus our manufacturing resources on the edible oils and Chinese frozen foods areas, which we believe in the long run will offer us the greatest opportunities to build our businesses of scale we will be seeking," he said.

Goodman Fielder said it had entered into a contract to sell Quality Bakers Malaysia to Grace Foods International subject to government approval.

It had put up for sale its 52.5 per cent stake in a Vietnam's flour milling venture that involves the Australian Wheat Board and Vietnam Food Industries Company (Vifron).

GM chooses Thailand for SE Asia car plant

BANGKOK, May 31: General Motors Corp. announced Thursday that Thailand has been chosen over the Philippines as the site of a 750 million dollar manufacturing plant that will be the US automaker's first in Southeast Asia, reports AP.

The Philippines had lobbied hard for the plant, which is expected to employ 1,500 workers, but Thailand's far larger auto market and leadership as Southeast Asia's auto-manufacturing hub won out.

"In the final analysis, Thailand was our preferred location because of the strength of the domestic vehicle market, proven infrastructure and well-established supplier base," said Donald Sullivan, President of Asian and Pacific operations.

The Philippines, hoping for investment, jobs and entry into the booming regional auto market, had offered General Motors an extravagant package of incentives. But Thailand has the region's largest auto market, selling more than 500,000 vehicles last year, four times the Philippines.

Sullivan said in a statement that "while this particular decision goes in favour of Thailand, the Philippines remains a viable alternative for future GM investments."

The plant will be built on Thailand's eastern seaboard in Rayong province, about 180 kilometers (110 miles) south of Bangkok.

Japanese auto makers dominate Southeast Asia. General Motors has spent a year deciding where to locate the plant to grab what it hopes by 2005 will be a 10 per cent share of sales of 17.5 million vehicles in the Asia-Pacific region.

Lebanon outlines \$5b economic reconstruction programme

BRUSSELS, Belgium, May 31: Lebanese Prime Minister Rafic Hariri pressed his plan Tuesday for a costly reconstruction programme for his country, but received no guarantees from the European Union that it will boost its aid, reports AP.

Hariri briefed EU officials on his bid to stage a donors conference at an as yet unspecified date.

Separately, he discussed prospects of an EU-Lebanon association accord. Officials said afterwards they expect such a deal to be signed in September.

Lebanon has outlined a five-year, five billion dollar economic reconstruction programme. It is asking the United States, Japan, Arab and European countries to provide financing.

The EU is Lebanon's biggest donor. Since 1992, it has given 1.1 billion dollars mostly in aid to refugees, in addition to contributions from each of the 15 EU nations.

EU spokesman Josep Coll i Carbo said European Commission President Jacques Santer and EU Development Commissioner Manuel Marin gave Hariri no guarantees of more aid.

"We will continue with our reconstruction aid (but) are ready to consider shifting the aid to different priorities" after Israel's 16-day offensive in April against Hezbollah guerrillas in southern Lebanon.

Hariri, a billionaire businessman who has led Lebanon's reconstruction drive since taking office in 1992, first outlined his ambitious reconstruction plan in a May 13 meeting with the 15 EU foreign ministers.

The plan foresees spending of one billion dollars a year over a five-year period on sanitation and power works, education, health, environmental protection, and construction of public buildings, including hospitals.

Solutions to cities' crises lie in human, investment capital: WB

The financial, economic and social future of developing nations depends primarily on the future of their rapidly growing cities, says the World Bank that bankrolls the urban growth, reports UNB.

More than half of all gross domestic product (GDP) now originates in cities even though urban populations are less than half of the overall national population, the Bank says in a report.

The urbanization of the developing world is unstoppable. In 1960 less than 22 per cent of the developing world's population was urban. By 1990, it grew to 34 per cent. It will exceed 50 per cent by 2020," according to the World Bank.

The report, which will be presented to a UN conference on cities in Istanbul, Turkey, June 3-14, calls for right poli-

cies for healthy development of urban areas.

"The solutions to the crises cities face lie in themselves, in their human and investment capital," says the World Bank, which has invested 25 billion dollars in more than 5,000 cities and towns since 1972.

Over the next five years, the Bank plans to invest an additional 15 billion dollars in urban programmes.

World Bank has a US dollar 47.6 million Urban Development Project in Bangladesh to increase efficiency and effectiveness of municipal services.

The Bank urges cities to put their financial houses in order by delivering services that people want and are willing to pay for. It makes four specific recommendations to weather current funding crisis of urban development. They are:

charge "more realistic" fees for water, electricity, and public transportation, instead of subsidizing the rich and the middle class;

make better use of other local sources of financing, such as the property tax and special levies for neighbourhood improvement programmes;

bring the private sector into areas where they are more efficient in managing and financing infrastructure; and

improve the nuts and bolts of city management, such as budgets and capital investment plans, to become credit-worthy.

Cities that become productive and efficient will become centres of surging economic activity and cities that grow inefficient will be unable to compete, the World Bank warns.

Owning confiscated American property in Cuba Three cos from Canada, Mexico Italy may face US sanctions

WASHINGTON, May 31: The United States on Wednesday began implementing a new law that has outraged allies, warning three companies from Canada, Mexico and Italy that they may face sanctions for owning confiscated American property in Cuba.

State Department spokesman Nicholas Burns, citing privacy rights and unspecified "commitments" to US allies, declined to name the companies warned of possible viola-

tions of the recently enacted law.

But US officials told Reuters that letters were sent to Canadian mining and energy firm Sherritt International Corp. Italian telecommunications conglomerate group Doms.

The Mexican cement company Cemex also was targeted but avoided penalties because it decided to divest a Cuban plant formerly owned by a US

company, Burns said.

The three other companies were told they may be in violation of the recent "libertad" act, also known as the Helms-Burton Law after its congressional co-sponsors.

Although officials at the Cuban foreign ministry in Havana were not immediately available for comment, an article by the Cuban news agency Prensa Latina was titled "imperial letters."

Tajikistan hit by flood urges emergency aid

MOSCOW, May 31: Tajikistan, a small central Asian country hit by a series of rain storms and floods, yesterday appealed to the international community for emergency aid, reports here said, according to Xinhua.

Continued downpours since the beginning of May triggered off floods and mud rock flows in the country's maws areas, killing thousands of domestic animals and flooding 43,008 hectares of farmland.

Zafar Aidov, spokesman for the Tajikistan president, said the flooding and mud rock flows also collapsed some 40 bridges, damaged hundreds of kilometers of highways and power lines and destroyed thousands of houses.

Initial estimates put director economic losses caused by the flooding at 30 million US dollars.

Aidov said the nation flooded areas urgently need food, medicine, tents as well as relief funds.

Tajikistan, a former Soviet republic, borders China, Afghanistan and Kirghistan and has a population of 5.6 million.



The Dealer Conference '96 of Khan Electronics Industries Limited was held at a city hotel yesterday. Dr Engr Syed Yousuf Farooq, Member of the Board of Investment, spoke as chief guest. Sadequr Rahman Khan, Managing Director of the company, and Al-Hajj Mominul Islam, proprietor of Shah Ali & Co. Ltd, are also seen in the picture.

Japanese firms urged to cut working time for fathers

TOKYO, May 31: Japan's education minister on Thursday urged companies to allow fathers to take more vacation so they can spend more time with their children, says AP.

Parental guidance at home is indispensable to reduce school bullying and other social problems. Education Minister Mikio Okuda said in a meeting with Jiro Nemoto, chairman of Japan Federation of Employers' Associations.

"I would like to have working parents, especially fathers, spend enough time with their children," Okuda was quoted as saying by Kyodo News. "Home should be where... parents and children share conversation and meals."

Japanese workers typically spend long hours at work and many are obliged to go out with bosses and colleagues after hours. Employees often feel compelled to demonstrate their loyalty by not taking vacations.

Okuda's comments came a day after the Tokyo High Court ruled that companies have the right to order employees to accept job transfers far from home, spouses and families, or risk being fired.

Mid-career employees in Japanese companies are often moved around at least several times as they move up the corporate ladder. To avoid disrupting their children's schooling, many fathers make the move alone.

In a report last month, an Education Ministry panel said children who accompany their fathers transfer away from home are under strong stress because of the change of environment, friends and schools.

As newcomers, they often face bullying by other students, a problem in Japanese schools where pressure to fit in with others is high. Bullies, meanwhile, need more parental control at home, Okuda said.



M A Yussouf Khan, President and Managing Director of United Commercial Bank Ltd, delivering speech as chief guest at the concluding session of a three-week training course on Credit Management for officials in the city on Thursday. K C Rezaul Haq, Hamidul Haq, deputy managing directors, and Fazlul Quader Quadri, Principal, Training Institute, are also seen in the picture.

Talks on opening Tokyo's insurance market to Washington fail

WASHINGTON, May 31: Talks aimed at opening Japan's lucrative insurance market to greater competition from US companies broke off Thursday, reports AP.

Clinton administration officials said two days of negotiations had failed to resolve any of the major outstanding issues. No date was set for further talks.

The distance between negotiating positions remains very substantial, said a senior US trade official, who briefed reporters on condition that his name not be used.

The administration had originally said it wanted to resolve the dispute by June 1 but the official said Thursday after the talks broke off that the Saturday date was a target and not a deadline.

In Tokyo, a Ministry of Finance official said Japan hoped to reach a final agreement in a month or so.

The US official indicated that efforts to resolve the dispute could continue after Saturday but warned Japan not to carry through with plans to open up the so-called third sector market of insurance to greater activity by Japanese companies.

This market, which covers policies for such things as illness, accidents and nursing homes, represents less than 5 per cent of the huge \$470 billion Japanese insurance market. But it is an area where US and other foreign companies have achieved their greatest success.

Under the October 1994 insurance agreement between the two countries, this market was not to be opened to greater competition until for-

eign companies were given greater access to the two primary insurance markets, which cover life insurance policies.

Opening up the third market would provoke what the official termed a very serious US response.

The insurance agreement was part of a package of deals reached in October 1994 under an accord that the Clinton administration had proclaimed represented a break from the vague, unenforceable trade agreements previous administrations had reached with Japan.

However, the administration's strategy has been heavily criticized by republican presidential candidate Bob Dole, who last month branded the administration's policies toward Japan "a spectacular failure, a fiasco."

On another trade dispute with Japan, the US official told reporters that he remained optimistic about the chances for reaching a deal on computer chips.

Japan has said the 1991 semiconductor agreement should not be extended because the United States has achieved its objectives of boosting the foreign share of the Japanese chip market to 20 per cent. It reached nearly 30 per cent in the first three months of the year.

The US official told reporters Thursday that the administration continued to seek an arrangement that reflected the changed circumstances in the industry but would insure that the market-opening progress that has been made would continue.

Japan's jobless rate hit 3.4 pc in April

TOKYO, May 31: Japan's jobless rate made its highest monthly increase in nearly four decades last April, the government said Friday, and unemployment for women hit an all-time record high, reports AP.

The rate, adjusted for seasonal factors, hit 3.4 per cent in April, up from March's 3.1 per cent.

It was the highest monthly unemployment increase since 1959, according to an official from the statistics bureau of the Management and Coordination Agency.

New graduates unable to find jobs contributed to the rise, the report said, adding that some graduates have probably put off looking for work because of the dismal job market.

Japan's unemployment rate would be significantly higher if calculated by U.S. or European methods, falling somewhere

between 5 and 8 per cent, economists say. Anyone who has worked an hour or more in the last week of a given month is counted as fully employed in Japan.

Women fared worse than men, with joblessness climbing to an all-time record high of 3.7 per cent, up from 3.0 per cent the previous month. The rate for men rose just 0.1 percentage point to 3.3 per cent.

The previous high for jobless women was 3.5 per cent in January this year.

In a related report, the Labour Ministry announced Friday that the ratio of job offers to job seekers, an indicator of demand for labour, remained unchanged in April.

There were only 67 job openings for every 100 people looking for work in April, the agency said, unchanged from the previous month.

Indian businesses fear slow-down of economic reforms by UF coalition

NEW DELHI, May 31: Indian businesses fear a potential slow-down of economic reforms by a centrist United Front coalition which is to take office on Saturday, reports AP.

Business leaders who were jubilant when Hindu nationalists came to power on May 16 sounded pessimistic after they bowed out on Tuesday, paving the way for the United Front government.

"Everything will depend on how stable the next government is and what the perception of stability is," Vivek Bharat Ram, Chairman of DCM Ltd, told the Business Standard.

"If the new government is perceived to be unstable, there is cause for concern," the industrialist said, adding that the continuation of free-market reforms would depend on who

gets the finance portfolio.

Some newspaper said former Commerce Minister Palaniappan Chidambaram, an architect of the economic liberalisation started by former Premier PV Narasimha Rao, could be the new finance minister.

Rahul Bajaj, Managing Director of Bajaj Auto, said giving Chidambaram the finance post would boost industry's confidence in the new government.

Chidambaram faces opposition, however, from hardline communists.

The United Front is a loose alliance of about a dozen centrist, regional and leftist parties, although the communists, to the delight of industry, have pledged not to join a coalition government.

The front's Prime Minister-designate, H D Deve Gowda, an economic reformer, is to take

the oath of office as India's 11th prime minister on Saturday.

Venugopal Dhoot, head of the Videocon Group, told the Economic Times that business should not be unduly worried.

The economic reforms are universally accepted and if Deve Gowda's record in Karnataka (as chief minister of the state) is anything to go by, then industry need not worry, he said.

Stock prices fell marginally on Tuesday after it became clear that Prime Minister Atal Bihari Vajpayee's 13-day-old Hindu nationalist government was on its way out.

The stock markets were closed Wednesday for a Muslim festival. But several brokers said prices were expected to take a further beating in coming days.

The political changes may lead to a slowdown of new funds being raised for investment in India if the reforms take a backseat," warned Surinder Kathpalia of Stockbroker James Capel.

Vidula Warawadekar of Jardine Fleming said: "a lot will depend on how long a coalition with no common agenda can last."

The front is yet to evolve a common minimum programme acceptable to all partners, including the anti-reform communists and the pro-reform Chidambaram of a regional Tamil party.

Vajpayee's shortlived government had been hailed by Indian industry for its commitment to economic liberalisation after an advocate of the reforms, Jaswant Singh, was named finance minister.