



## Pak economy posts 6pc growth

ISLAMABAD, June 12: Pakistan's economy recorded a growth rate of 6.1 per cent in the 1995-96 fiscal year ending June 30, up from 4.7 per cent in the previous year, a top government official said here yesterday, reports AFP.

But inflation remained at 11 per cent, defying government plans to bring it down to nine per cent after 13 per cent the previous year.

VA Jafery, Prime Minister Benazir Bhutto's adviser on economic affairs, said the budget deficit had been reduced to five per cent of gross domestic product after 5.6 per cent of GDP the previous year.

The government plans to cut the deficit further, to four

per cent of GDP during the next financial year, he said. Pakistan will enjoy 'good growth' in the coming years, he said.

The improvement in growth rate was mainly due to a bumper cotton crop, which amounted to 10 million bales of standard 170-kilo (374-pound) size.

Growth declined to 4.7 per cent last year when Pakistan harvested a poor cotton crop for the third successive year, because of virus attack.

The government plans to levy taxes worth 40 billion rupees (about 1.15 billion dollars) in the federal budget for 1996-97 to be announced on Thursday, up from taxes worth

25 billion rupees imposed in the outgoing year, Jafery said. Bhutto told the country's businessmen on Sunday that new taxes were necessary because of defence spending.

She signalled an increase of nearly half a billion dollars in military allocations during the next year, compared to last year's expenditure of around three billion dollars.

Jafery said the government plans to broaden the tax base and gradually phase out a number of tax exemptions in various sectors.

He said that direct foreign investment this year increased to nearly 700 million dollars compared to around 400 mil-

lion dollars last year. However, informed sources said the government failed to achieve its target of 9.2 billion dollars in exports in fiscal 1995-96.

The exports stood at a little over eight billion dollars amounting to an increase of only 10.4 per cent against a target of 16 per cent, they said.

Importers also shot up by 16 per cent to 11 billion dollars against the target of 9.2 per cent, the sources said.

This led to a trade deficit of about three billion dollars against nearly two billion dollars relocated at the time of the previous budget in June last year.

## Japan, EU to hold high-level talks in Brussels

TOKYO, June 12: Japan and the European Union (EU) will hold high-level talks in Brussels on June 24 to discuss the semiconductor dispute between Japan and the United States, government officials said today, reports AFP.

Japan and the United States remain divided over whether to renew a bilateral semiconductor agreement, which is to expire at the end of July.

The Japanese delegation will be led by Youshinro Sakamoto, Vice Minister for International Affairs at the Ministry of International Trade and Industry, while the EU side will be headed by Horst Krenzler, Director-General of External Relations.

The planned talks in Brussels would come after a meeting in Washington on June 20 and 21 between Sakamoto and Ira Shapiro, senior counsel and negotiator at the office of the US trade representative, the officials said.

The EU has expressed a wish to join the Japan-US chip accord.

## Hanoi move to boost tea exports

HANOI, June 12: Vietnam has formally established a state-owned tea conglomerate that will bring smaller companies under the management of a national general corporation in an effort to boost declining exports, reports said yesterday, reports AFP.

The Vietnam National Tea Corp (Vinatea Corp) is capitalised at 102 billion dong (9.3 million dollars) and will engage in farming, processing and exports as well tourism and construction, the Vietnam news agency said.

Vietnam has been reorganising its state firms into general corporations that will oversee exports and channel capital to worker companies, but the reforms have led to criticism that it is simply introducing another layer of bureaucracy into a system already bound up in red tape.

The country's tea exports fell eight per cent in 1995 compared with a year earlier after Iraq refused to take the commodity as part of debt repayment scheme.

Exports were at 16,000 tonnes in 1995, down from 17,300 tonnes a year earlier. Stockpiles have been growing with more than 7,500 tonnes unsold last year.

Tea companies have announced numerous schemes to boost production and improve the quality of processing as antiquated machinery and a low quality product have hindered Vietnam's access to world markets.

## Chinese co. fined for smuggling raw sugar

SHANGHAI, June 12: A Guangzhou court has fined a company 100 million yuan (12 million dollars) and sentenced a company official to six years in jail for smuggling 1.4 billion yuan worth of raw sugar, a report said today, reports AFP.

The Wenhui Bao daily reported that the case was the biggest smuggling case since the communist takeover of China in 1949. The report said Zhanjiang Fuli Sugar Industry Corp. smuggled 325,000 tonnes of raw sugar between September 1994 and March last year and sold sugar processed from the smuggled raw material in the local market.

The company evaded paying taxes amounting to 540 million yuan and disrupted the sugar market, the report said.

The Guangzhou Intermediate People's Court on Monday fined the company 100 million yuan and confiscated 73,000 tonnes of white sugar and 699 tonnes of raw sugar in stock after taking into consideration the great economic loss suffered by the state, the report said.

A responsible officer, Xhu Jinfen, was sentenced to six years imprisonment, it said.



Saudi Ambassador Abdullah Omar Barry handed over the Saudi relief materials to the Relief Secretary Islamuddin Malik at the Zia International Airport recently. The relief materials were donated by the Saudi government for the tornado-affected people of Tangail district.

## Road to global economy has potholes: Kissinger

MONTREAL, June 12: The world movement towards free trade and communication has the potential to create wealth and peace but also serious disruptions, former US Secretary of State Henry Kissinger said here, reports AFP.

Kissinger said the problem is that worldwide competition forces companies to produce more efficiently with fewer employees.

There used to be a correlation between production and employment, said Kissinger in a lecture at a conference on globalization.

This is no longer the case especially in developed countries.

Kissinger said the world is going through a great change in human consciousness similar to Europe emerging from the Middle Ages, and this raises 'levels of uncertainty'.

He said one of the results is ethnic and national conflicts, but he added that none of his remarks referred to Quebec separation. He said later he had met with Quebec Prime Minister Lucien Bouchard.

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## Banks face long restructuring haul: BIS

BASEL, Switzerland, June 12: Rising banking profits last year were a one-off and should not mask the need for further restructuring in the industry, the Bank for International Settlements warned Monday, reports AP.

In its annual report, published Monday, the BIS, known as the central bankers' central bank, said banking profits in 1995 were generally higher than a year earlier as a result of low-interest rates and favourable asset prices.

When viewed from a longer perspective, however, profit margins have shrunk since the 1980s, it said.

The fact that last year the profitability of banks improved should not obscure the serious challenges facing the industry, the BIS said.

There were also some notable exceptions to generally higher earnings last year, primarily the Japanese banks, the report said.

Banking profits are under pressure from increasing competition following wide-ranging deregulation and the fast pace of financial innovation in the banking industry.

Looking ahead there is little reason to believe the forces of change will abate. Deregulation has not yet fully run its course, the bank said.

In the United States and Japan for instance, the barriers between commercial banking, securities business and insurance are likely to come down further, it noted.

Meanwhile in the European Union, it is probably only a matter of time before pension funds and mortgage lending become more exposed to the glare of competition in the single market, according to the report.

## Ramos signs new oil tax law

MANILA, June 12: President Fidel Ramos signed a law Tuesday to change the tax on petroleum products in keeping with the government's policy to deregulate the oil industry, reports AP.

Instead of being based on percentage of value, the new law taxes petroleum products by the liter (26 gallon).

The new excise tax on oil products is the first, and least contentious, component of a comprehensive tax reform the Ramos administration has proposed to ensure sustained fiscal health for the government.

The government expects the new law to generate around 270 million pesos (10.4 million dollars) in additional taxes.

The new tax measure takes effect on July 17, when an automatic oil pricing formula shall have been set in place in line with a deregulation of the domestic oil industry.

Currently, adjustments in prices of oil products have to be approved by the government's Energy Regulatory Board.

The new tax is expected to result in higher prices for some products, but government officials say the increases will be very minimal. There will be decreases for other oil products such as regular gasoline, aviation fuel and cooking gas.

## Japanese railway co sued over accident

TOKYO, June 12: The family of a Japanese teenager killed last year in a bullet train accident filed a lawsuit yesterday against Central Japan Railway Co, seeking 170 million yen (1.6 million dollars) in compensation, Kyodo news said, reports AFP.

Yusuke Kawarazaki, then 17, was killed after being caught in the closing doors of a shinkansen bullet train in December and dragged along the tracks at Mishima station in Shizuoka prefecture, west of Tokyo.

The plaintiffs, who filed the suit with Shizuoka district court, claimed the supervision of train personnel was insufficient.

-Source: AP

## 10,000 workers protest German austerity plan

BONN, June 12: Some 10,000 engineering industry workers demonstrated across Germany Monday at the call of the IG Metall Union in protest against a government austerity package, reports AFP.

The demonstrations were particularly aimed against cuts in sick pay, easier sackings for employees of small firms and the raising of women's retirement age.

Most of the protests were staged in northern Germany, in Bonn, the head of the German DGB Trade Union Confederation, Dieter Schulte, meanwhile again warned employers and political leaders of major social conflict over the austerity package.

If the sick pay cuts and easier redundancies were not abandoned, Germany would see "a big social conflict, which we do not want but we cannot avoid if no other choice remains open to us," Schulte said.

Speaking in Berlin, Chancellor Helmut Kohl criticised the trade unions' current campaign as simple demonstrations of force, saying they would not alter his determination to impose the austerity measures.

He said this specifically about the central demonstration in Bonn that the DGB is planning for Saturday against the austerity package. More than 200,000 workers are expected to attend.

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## Japan likely to send \$6m in aid to DPRK

TOKYO, June 12: Japan is likely to extend about six million dollars in aid to North Korea to help ease food shortages, matching the amount that the United States has offered, a top spokesman indicated yesterday, reports AFP.

Chief Cabinet Secretary Seiuro Kajiyama told a news conference the government would make a decision based on the will of the three ruling parties following a UN appeal for emergency humanitarian aid.

Kajiyama was apparently referring to an agreement reached Sunday by policymakers of the three ruling parties to urge the government to match the six million dollars the United States is prepared to give.

Prime Minister Ryutaro Hashimoto said the Japanese aid might be about the same as the United States. Kyodo news reported.

The United Nations has called on the international community to provide food and other forms of humanitarian aid worth a total of 43.6 million dollars to North Korea, which has been its harvests wiped out by floods.

## GM halts further investment in Indonesia

BANGKOK, June 12: General Motors Corp. has halted further investment in Indonesia in "disappointment" over the country's national car policy, a senior GM executive said Tuesday, reports AP.

Donald Sullivan, President of GM's Asian and Pacific operations, said GM will keep its Indonesian investment frozen at its current level of 110 million dollars until it gets clearer signs of Indonesia's policy.

Indonesia announced this year it would grant special tax breaks to PT Timot Putra Nasional, a company owned by a son of President Suharto, to make a national car in collaboration with Kia Motors Corp. of South Korea.

The government initially said no other company would get national-car benefits, but it has softened its stance amid protests from the United States, Japan and the European Union.

GM's decision adds to growing pressure on the government to scrap the policy.

"We've been very disappointed about the recent developments on the national car, because it creates an unlevel playing field," Sullivan told a news conference in Bangkok.

## Massachusetts lawmakers call for ban on Myanmar business

BOSTON, June 12: Massachusetts may become the first US state to ban government purchases from firms that do business with Myanmar, reports AP.

The move is mostly symbolic — Massachusetts buys only about one million dollars a year in goods and services from these companies. But the sponsor of the proposal says it will make a statement against the Myanmar military junta.

"The immediate thing that's going to happen is that the pro-democracy people, their morale will increase in Myanmar," said the measure's sponsor, state Rep. Byron Rushing, a Democrat from Boston's South End section. They'll know they're being heard. Then hopefully other municipalities and states will follow suit."

The bill would stop state government agencies from doing business with companies that have investments in Myanmar. They include American Express, Gillette, Pepsi, Texaco, Eastman Kodak, UPS and Apple.

The state Senate is scheduled to vote on the proposal Wednesday, and is expected to approve it. Republican Gov. William Weld, whose wife is an Asia scholar, has not yet indicated whether he will sign or veto the bill.

"Until he gets back and has a chance to read whatever it is that comes out of the Legislature, I'm not going to put my toe into that," the governor's spokesman, Bob Bliss, said Tuesday.

Rushing, who said he was first asked for his help by student activists from Boston-area universities and colleges, has been trying for four years to get his colleagues to support such a proposal. It gained considerable momentum last month when the military junta that has run Myanmar since 1962 began mass arrests to forestall a democracy congress. On Friday, the junta announced a law banning nearly all political activity. Violators are subject to sentences of up to 20 years in prison.

Aung San Suu Kyi, the Nobel Prize-winning pro-democracy leader whose party won 80 per cent of the parliamentary seats in a 1990 election whose results the military swept aside, has called for an international economic boycott.

"MSS operators will face a number of regulatory barriers as they move forward with planned voice and data communications services in Asia," Dower predicted.

They are committed to investing five billion dollars and plan on spending 35 billion dollars more to launch competing space based telecom networks such as Asia cellular satellite system and Asia-Pacific mobile telecom.

The systems would offer basic and cellular phone services as well as roaming facilities to capitalise on the soaring demand for telecom services in a region which has just 9.2 million phone lines for 2.7 billion people.

They would enable a person to communicate with anyone anywhere in the world using a handheld mobile satellite terminal.

The international telecommunication union has scheduled a conference in October in Geneva to discuss policy and regulatory issues raised by the systems, called global mobile personal communications by satellite.

Dower said Mobile Satellite Service (MSS) operators were faced with a "dramatic intersection of technology, market and political roadblocks."

US-OAS disputes exist to punish firms trading with Cuba

PANAMA CITY, June 12: A top US government official acknowledged on Sunday that a new US law punishing companies that trade with Cuba did not meet with unanimous approval in the Americas, reports Reuter.

But he said the Helms-Burton act, named for its congressional sponsors, was required to bring democracy to the communist-ruled island.

"There are differences among our colleagues here at the OAS" over the new legislation, US Deputy Secretary of State Strobe Talbott told a news conference.

Speaking on the eve of the annual general assembly of the 34-nation Organisation of American States, Talbott defended the law as a necessary tool for tightening the long-standing embargo against Cuba.

Since the law was adopted in March in the wake of Cuba's downing of two small private US aircraft, Washington has come under sharp criticism from the European Union, Canada and other US allies that question its right to interfere with their business ties.

## Satellite-based telecom systems face major challenge in Asia: Expert

SINGAPORE, June 12: Satellite-based telecommunications system face major technological, financial and regulatory challenges in their quest to exploit Asia's vast telecom demands, an American expert warned yesterday, reports AFP.

The technology is unproven, the financial risks are staggering, the markets are price sensitive, the regulatory environments are varied and the competition is fierce," Jonathan Dower, Vice President of Pyramid Research Inc, said.

National telecom operators face an equally daunting task of identifying partners, choosing among a variety of systems and coping with threats to telecom sovereignty, he said in a paper presented to a telecom conference here.

Global telecom players such as Motorola, Alcatel, Hughes, Loral, Inmarsat, Singapore telecom and Korean telecom and dozens of others have joined the race to provide what Dower called "instant infrastructure" for telecom services.

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two weeks, they yank it. Suppliers get access as well. If soft drink sales are booming, beverage makers find out right away, so they can boost production to keep up.

But the merchandise is only half the story. The combinis are also a place to send packages, pay bills, make photocopies, and in many cases, to buy concert and event tickets.

In the past few months some stores have even installed plane ticket machines, enabling customers to reserve a seat and pay for it by credit card.

It all adds up to bad news for non-and-pop competitors, who don't offer high-tech services and in any case have seen their market niche shrink as young Japanese ditch traditional dishes for junk food and microwaved meals.

"In the old days, Japan was full of specialty stores selling

## Japan's high-tech takes on convenience stores

TOKYO, June 12: It offers the services of a post office, a bank, a bookstore and a ticket agency. And, oh yes — it also sells snacks.

The fluorescent glare and the "Open 24 Hours" sign may look familiar, but Japanese convenience stores have blended a unique native element into the classic American invention.

Even the name has been Japanified to "combinis," an abbreviation of the Japanese pronunciation of "convenience."

Japan caught on relatively late to the convenience store, but it's making up for lost time. The growth has been phenomenal: from 1,000 stores in 1974 to 47,000 now, with the figure increasing by 1,500 every year.

Pioneering use of technology is the secret to their success. Computers control dis-

tribution, track even tiny changes in customer demand, and make possible all the services that get customers into the store.

"Of all the industries in Japan, convenience stores are the one where the use of computers is most deeply rooted," said Taizo Deguchi, a retail analyst at the Daiwa Research Institute.

Each combinis chain has a central computer system that receives data on every purchase, including the customer's gender and estimated age. Combinis owners check sales data and make orders through the computers.

The technology enables chain managers to make virtually instant decisions on products. Say a new brand of potato chips goes on sale. Product buyers watch its sales on a day-by-day, even hour by hour basis. If it's not a success after

fish or vegetables or books," said Ken Sakurai, 66, who owns a Tokyo combinis with his wife. "But those stores are gradually disappearing."

The Sakurais' store is typically tiny — only 60 square meters (650 square feet) or not much bigger than a large living room. Yet it manages to squeeze in a large variety of instant and fresh foods, daily necessities and an extensive selection of magazines.

For big-city dwellers, especially in the Tokyo area, combinis like the Sakurais are everywhere. Because the computerised distribution allows them to stock a broader range of products, analysts say Japan can support one combinis for every 2,000 people, compared with one per 8,000 in the United States.

The last spread of the combinis has proven an engine of growth for retailing giants

that have long been shackled by government regulations restricting big stores.

No. 2 supermarket operator Ito-Yakado Co. set off the combinis boom with its 7-Eleven chain, while the No. 1 Japanese retailer, Daiichi, owns the second-ranking Lawson's combinis chain.

The customers are predominantly young and male, with tastes that older Japanese find a bit hard to appreciate.

Sakurai's wife, Yasuko, 65, still can't understand how anyone could enjoy "onigiri" rice balls with mayonnaise inside, but they're a big seller at most combinis.

"Combinis have invented many new products, and that's giving them the power to grow and keep high margins, said Susumu Takeuchi, an analyst at Yamaichi Securities research institute.

In recent years elements of



Election observer Colleen Beaumier, a member of the Canadian House of Commons hands over a cheque for Taka 25,38,000 to Dr S F Huq, President of the Bangladesh Cancer Society. The funds were raised from Terry Fox Runs held in Bangladesh for the past two years.