India's software industry posts 61 pc rise in sales

NEW DELHI, June 28: India's booming software industry registered a 61 per cent year-on-year rise in sales to 1.18 billion dollars in the year to March 1996, an industry association said here yesterday, reports AFP.

The National Association of Software and Service Companies (NASSCOM) said the boom was caused by soaring exports and heated demand for Indian software overseas.

"1995-96 saw an unprecedented global outsourcing shift towards India," NASSCOM chief Dewang Mehta told reporters. "One hundred and four companies out of the fortune 500 firms outsourced their software requirements from India."

A NASSCOM study forecast growth in the domestic software industry to about two billion dollars in sales in the year to March 1997, with exports rising to 1.2 billion dollars from 720 million dollars in the previous year.

Fifty-seven per cent of India's software exports go to the United States, 25 per cent to Europe and six per cent to South East Asia, NASSCOM said.

It said the number of firms exporting software worth more than 2.8 million dollars rose from 14 in 1991-92 to some 160 in the current fiscal year.

Mehta called for tax benefits and fiscal incentives saying they would help boost the industry, blessed with cheap and skilled labour and recognised to be one of the best in the world.

Bomb blast unlikely to damage Saudi economy

ABU DHABI, June 28: A massive bomb blast in Saudi Arabia may have sent shock waves through the business community but is unlikely to damage the economy of the world's top oil power, bankers said yesterday, reports AFP.

"Such operations evidently target foreign military presence rather than oil or economic facilities," a Riyadh-based banker said by telephone.

"Naturally, they could be a source of worry for the business community inside Saudi Arabia and outside it. But they have not reached the point where investors would see them as a threat to the country's stability."

Bankers pointed to a better performance by the Saudi economy and banks during the first half of 1996 despite a similar bomb attack in Riyadh last November that killed five Americans and two Indians.

Although higher oil prices were a key factor in the strong performance, the private sector's role was no less important, they said.

"The private sector is encouraged by government initiatives within reforms. It was not discouraged by the November attack," one banker said.

Tuesday's bombing of a housing compound at an airbase used by US forces in El Khobar in eastern Saudi Arabia killed 19 Americans and injured hundreds of other people.

It was the deadliest attack against US interests in the Middle East since 1983 when 241 American marine and sailors were killed in a suicide car bombing in Beirut.

Tuesday's attack and the bombing in November have not affected oil exports, which provide the Gulf kingdom with more than 80 per cent of its income. Or have they triggered any disruption of projects or withdrawal of foreign investors.

Bankers, citing official estimates, said the Saudi economy was projected to be slower in 1996 than in 1995, when the gross domestic product grew by 4.3 per cent in nominal terms due to an improvement include prices.

But they attributed the slowdown to an expected decline in oil prices and low government expenditure, the wheel of domestic economic activity.

"The Saudi economy will still register positive growth rates this year albeit lower," a Saudi bank manager said.

"Despite low state spending, there is a strong activity in may sectors, especially the construction, trade and industry. Funds are still flowing into Saudi Arabia and I think they will not be deterred by these attacks unless of course they are expanded to economic targets," the bank manager said.

According to Ibrahim Al-Afandi, Chairman of the Saudi Contractors' Association, around 12 billion dollars in private Saudi overseas investment has returned to the kingdom since the end of the 1991 Gulf War.

Investors were attracted by reforms launched by Riyadh to repair economic damage caused by weak oil prices and to diversify its sources of income.

The reforms, which will be the main feature of the 1995-1999 development plan, include better incentives for investors, hikes in some services fees and petrol prices, and sale of state enterprises to the private sector.

"The success of the plan largely hinges on public and private investment, of which more than 100 billion dollars are needed.

Bankers said a larger part of the investment of 19 per cent of the GDP is likely to be private as the bulb of government spending would be channelled into the defence sector and salaries for civil servants.

They said they believed such a target could be met as domestic liquidity is high and foreign investors are encouraged by the new incentives and Saudi Arabia's enormous oil wealth, which exceeds a quarter of the world total.

"There is no doubt investors will first look for security. I don't think there is a bulb of security now because of two explosions," a banker said.

"But I agree with the view that such attacks could take their toll on investment if more were carried out and some of them target businesses. They could even spark a capital flight if there are any signs of instability."

Japan favours China's entry into WTO, not isolation

LYON, France, June 28: Japan's Prime Minister Ryutaro Hashimoto appealed to fellow Group of Seven industrial nations to draw China into the world economic community rather than isolating it, reports Reuter.

"China's early entry into the World Trade Organisation (WTO) would be a significant first step towards its becoming a constructive partner in the international economic community," Hashimoto was quoted as saying by a foreign ministry official.

Hashimoto told fellow G7 leaders over dinner on Thursday night that admitting Beijing to the WTO was also crucial with a view to Hong Kong's aversion to Chinese rule in July 1997.

Japan, the G7's only Asian member, also stressed the importance of Hong Kong maintaining a free and open economic and social system when the change occurs.

On Thursday, British Prime Minister John Major agreed in a bilateral meeting with Hashimoto on the need to bring China into the WTO soon.

But US President Bill Clinton voiced hesitation, saying Beijing should meet international standards before joining the Geneva-based global trade watchdog.

Washington has maintained China's Most Favoured Nation Trade status while pressing for reforms in human rights and trade practices and an end to nuclear technology sales.

US House fails to deny trade status to China

WASHINGTON, June 28: The House fell short again this year in a vote to deny normal trade status to China. A majority of lawmakers agreed that the United States must stay engaged with the Chinese government regardless of its human rights and trade violations, reports AP.

After hearing impassioned arguments that China was a rogue nation undeserving of the low tariffs offered almost all US trading partners, the House Thursday voted 286-141 to reject legislation to overturn President Clinton's decision to extend its most-favoured-nation trade status for another year.

In a gesture to anti-China hard-liners, the House was also set to approve a measure requiring hearings into China's objectionable policies.

Clinton, arguing that across-the-board trade sanctions were too blunt a punitive device, renewed China's trade status last month. Republican leaders, including House Speaker Newt Gingrich and presidential hopeful Bob Dole, agreed with that decision.

Banning normal trade status "is tantamount to a declaration of war" with China, said Rep. Bob Matsui. "China is 22 per cent of the world's population," he said. "Do you think for a minute we can isolate the Chinese?"

Under a 1974 law, the president must decide each year whether to renew normal trade relations with communist states, and Congress has 60 days to overturn that decision. Since China's 1989 crackdown on the student democracy movement, Congress has each year attempted, without success, to reject decisions by President Bush and Clinton to renew China's trade status.

This year, opponents argued, there is even more reason to punish China because of its actions in the past year persecuting dissidents, threatening presidential elections in Taiwan, selling weapons of mass destruction to Pakistan and pirating US intellectual property.

"It is about nothing less than our economic future, our national security and our democratic principles," said Rep. Nancy Pelosi, a California Democrat. "History shows us that appeasement of tyrants does not work," said Rep. Gereld Solomon, a New York Republican.

Opponents also rejected the premise that certain Chinese retaliation against sanctions could cost American businesses billions of dollars, saying that China has far more to lose in a trade war because of the 34 billion dollars trade surplus it enjoys with the United States.

Those against extending trade status also assailed Gingrich and the Republican leadership for scheduling the vote this week, depriving them of time to drum up support during the Independence Day recess.

In a move to show it wasn't condoning Chinese behavior, the Republican leadership agreed to offer a parallel resolution directing relevant committees to hold hearings on China's human rights, trade, security and weapons policies and report back with appropriate legislation.

Chinese travelling abroad can take foreign currency from July

BEIJING, June 28: Chinese travelling abroad can take foreign currency with them beginning on July 1, the official Xinhua news agency reported Thursday, according to AP.

It said they can also send foreign currency abroad for business or school purposes with appropriate receipts or school admission letters.

China has built up about 85 billion dollars in foreign currency reserves through strict exchange controls, but is under pressure to drop its barriers to the blow of foreign currency.

Regulations announced earlier this month are supposed to make it easier for foreign businesses to exchange Chinese currency.

Under the new rules from the State Administration of Foreign Exchange, Chinese can also send money to ill or accident-stricken relatives abroad if they can show proof of an emergency, Xinhua said.

Japan's jobless rate jumps

TOKYO, June 28: Despite some sings of an economic recovery in Japan, Japan's jobless rate jumped to a record 3.5 per cent in May, the government said Friday, reports AP.

The May jobless figure, up from the previous record of 3.4 per cent in April, was the highest monthly level since the Management and Coordination Agency began taking statistics in 1953.

An agency official, who briefed reporters on the latest data, said he does not expect the unemployment situation to improve "by any great extent" in the near future, as large companies still feel their payrolls are somewhat bloated.

The official, who spoke on condition of anonymity, said job prospects for permanent workers remain worse than the overall numbers imply, as companies rely increasingly on part-time workers.

In recent years, Japanese companies, including manufacturing industries, have started undergoing restructuring by hiring less and promoting early retirement in response to the higher yen against the dollar.

Many Japanese manufacturing companies have shifted production plants to China, Japan and other Asian nations in order to cope with the lower dollar, which broke below 80 yen temporarily in April 1995.

The dollar was hovering around 109 yen Friday.

In the latest reporting month, the number of unemployed surged by 320,000 to a record 2.4 million people, the agency said.

The jobless rate for men rose by 0.3 percentage point to 3.6 per cent from the previous month in May.

Japan to raise tariffs on port imports

TOKYO, June 28: Japan decided yesterday to raise tariffs on port imports temporarily in order to curb a rapid increase in imports, officials said, reports AFP.

The increased tariffs will run from July 1 unit April 1, 1997.

Under the measure, permitted by the Uruguay Round global trade agreement, the minimum import price of pork will be raised by about 24 per cent from 450.02 yen (about 4.15 dollars) a kilogram to 557.19 yen (about 5.10 dollars) officials from the finance and agricultural ministries said.

If the import price is higher than the standard price of 557.19 yen a kilogram, the tariff will remain at 4.8 per cent, a finance ministry official said.

The decision was taken because of excessive port imports in April and May, officials said, imports in the two months totalled 227,355 tonnes, against a targeted limit of 152,488 tonnes.

A similar emergency imposed in November was lifted in March.

The finance ministry said higher tariff will be extended until the end of June 1997. Port imports are above the target of 594,000 tonnes.

Imports account for about one third of Japan pork supply, coming mainly from Canada, Denmark, Taiwan and the United States.

Female bank tellers count Japanese 10,000-yen banknotes at a bank in downtown Tokyo yesterday. Some 4.5 million national and local government employees receive a total of 3.55 trillion yen for their summer bonuses. — AFP/UNB photo

G-7 leaders turn attention to economic anxiety

LYON, France, June 28: After denouncing the scourge of international terrorism, President Clinton and other world leaders were aiming their rhetorical fire at another modern-day problem —rising economic anxiety, reports AP.

While the first day of the seven-nation summit focused on the fight against terrorism, the leaders hoped their economic communique would combat growing worries that the new global economy offers more threats than promises.

Leaders of the United States, Japan, Germany, Britain, France, Canada and Italy — as they have for the past few years, were expected to make economic growth and job creation top priorities for their economic coordination efforts.

Clinton, attending his fourth summit, hoped to showcase his stewardship of the US economy which has created 9.7 million jobs since he took office, accounting for 90 per cent of the total job growth of the Group of Seven countries during that span.

The leaders revamped the planned discussion at their opening night dinner Thursday to rush out a statement on international terrorism in response to Tuesday's bombing of a US military complex in Saudi Arabia.

In their special statement, Clinton and the other leaders pledged to "fight terrorism by all legal means" and scheduled a follow-up meeting of their top security officials for next month in Paris.

"We are all united in condemning the dreadful bombing that has taken place," said French President Jacques Chirac, host of this year's gathering.

Clinton thanked the US allies for this very powerful statement "and said work would continue during the summit on a package of 40 proposals to combat crime and terrorism.

This package includes measure to make it harder to funnel ill-gotten gains to terrorism, make it easier to track terrorists across borders and crack down on high-tech crimes.

The statement of solidarity, however, masked significant splits among the countries.

The United States has been universally criticised by the other nations for new legislation that would seek to punish companies outside US borders for trading with communist Cuba and Iran and Libya, nations the United States believes promote terrorism.

The other G-7 countries have denounced the US effort as meddling in their affairs. The terrorism communique sidestepped this issue entirely.

Clinton put the best face on the disagreement, praising the other leaders for their expressions of support following the attack in Saudi Arabia.

"We understand that an attack on one of us is an attack on all of us and that none of us is invulnerable," Clinton said.

Chirac had hoped to make the Lyon summit the "development summit" by funnelling support from the rich countries to poorer nations.

But even the modest proposals have provoked arguments about how much in individual debt relief to grant, and Germany objected to a proposal to sell two billion dollars in international gold reserves to finance part of the debt relief.

In addition to the statement on terrorism, Clinton scored another quick victory Thursday with the pledge from Japanese Prime Minister Ryutaro Hashimoto that both countries will strive to reach agreement on two trade problems by July 31.

The leaders directed their negotiators to reach settlements in a dispute involving extension of a controversial 1991 computer chip agreement and to US charges that Japan is not living up to a 1994 deal opening Japan's insurance market.

ROK current account deficit snowballs

SEOUL, June 28: South Korea's current account deficit snowballed to 8.1 billion dollars in the first five months of 1996, exceeding an government target of 7.9 billion dollars for the whole year, the Bank of Korea said today, reports AFP.

The central bank blamed lagging exports and worsening invisible trade shortfalls for the five-month deficit, which was up 60 per cent from 5.1 billion dollars posted in the same period last year.

In May alone, the country recorded a 1.44 billion dollar current account deficit, compared with 792 million dollars a year earlier, the Bank of Korea said.

The trade deficit stood at 786 million dollars in May, up from 578 million dollars a year earlier, but down from 1.5 billion dollars in April of this year.

In May, the invisible trade deficit amounted to 562 million dollars versus 73 million dollars in the same month of last year.

Beijing, Seoul open first joint bank

BEIJING, June 28 : China and South Korea have opened their first joint bank to cope with soaring trade between the two countries, the China Daily said today, reports AFP.

Quingdao International Bank, a 50-50 joint venture between the Industrial and Commercial Bank of China (ICBC) and Morea First Bank, will mainly deal with foreign exchange and services said Zhang Xiao, ICBC President.

The bank was opened Wednesday in Shandong province, which is only some 50 nautical miles from South Korea and receives around half its China-bound investment, the paper said.

Last year China approved 1,974 South Korean investment projects, with pledged Korean capital of 2.95 billion dollars.

China's customs statistics indicate two-way trade topped 16.9 billion dollars last year, a 44.8 per cent jump from the 1994 figure and a reflection of China's top position for South Korean investors.

WB report on Russia, China, 26 others

Pro-market policies will cut poverty

WASHINGTON, June 28: Countries emerging from communist rule can increase their drastically lowered incomes by implementing pro-market policies, strengthening private property and holding down inflation, the World Bank advises, reports AP.

Its detailed report 'From Plan to Market' covering Russia, China and 26 other countries was made public Thursday after a year of preparation.

The bank acknowledged that communism had provided a third of the world's people with a degree of economic security.

"Yet the state-dominated economic systems of these countries, weighed down by bureaucratic control and inefficiency, largely prevented markets from functioning and were therefore incapable of sustaining improvements in human welfare," said World Bank President James Wolfensohn in the introduction to the survey.

The report estimated that the income of the average Russian declined by more than four per cent a year after 1985. In 1994 it was worth about 4,610 dollars, compared with more than 25,000 dollars in the United States.

World Bank officials said Russia's decline is now bottoming out, though they provided no precise figures.

"People visiting the country have a sense that the country is growing again," said Michael Brouno, the bank's chief economist, at a news conference. Growth only starts when inflation gets below 40 per cent a year, and we think it's about 30 to 40 per cent in Russia now."

The International Monetary Fund, the bank's sister organisation, said consumer prices rose last year by more than 197 per cent.

Variations among the 28 countries listed were huge. Incomes in China, starting from a much lower level, grew by nearly eight per cent a year after 1985, reaching an estimated value of 2,510 dollars in 1984.

EU agri ministers end talks

LUXEMBOURG, June 28: European Union agriculture ministers wound up a marathon session of talks here early Thursday without fixing farm prices for the coming season or reaching agreement on a reform of the fruit and vegetable market, reports AFP.

In three days of tough discussions, the 15 ministers managed only to agree on how to share 850 million ECUS (1.06 billion dollars) in supplementary aid for cattle farmers hit by the slump in the beef market.

On Wednesday, Italy's Michele Pinto pushed hard for an agreement on market reform but had to give up because of combined opposition from Spain, Portugal and France — who produced the bulk of the EU's fresh fruit and vegetables.

The reform seeks to improve control of production so as to limit the surpluses which cost the EU agriculture budget a fortune.

Pinto then tried to advance the debate on prices but was no more successful there.

The session was adjourned in the afternoon to prepare a compromise text and the break was extended until late in the evening.

This combo handout photo shows the two faces of the gold coin issued by the People's Bank of China to mark the final year countdown before the return of Hong Kong to Chinese rule July 1, 1997. The coin, with a face value of 500 yuan (48 US dollars), is part of the second set to be issued July 1, 1996. The first of the series was issued December 1, 1995, and the final set will be issued in 1997. —AFP/UNB photo

Poland officially invited to join OECD

PARIS, June 28: Poland has been officially invited to join the Organisation for Economic Cooperation and Development (OECD), the Paris-based think tank said Thursday, reports AP.

Poland will be the OECD's 28th member, on the heels of nearby Hungary and the Czech Republic.

Russia announced recently it, too, would seek membership in what is known as the club of the world's richest nations, but was told it needed to clear some important economic hurdles first.

South Korea, Argentina, Bulgaria, and Slovenia have also expressed interest in joining.

In a communique Thursday, the OECD said Poland's accession agreement would be signed in Paris July 11.

Electric jolt for the car industry

Mick Hamer writes from London

The World Bank is urging developing countries to convert to leadfree petrol in order to curb the damaging health effects of car emissions, and industrialised countries are increasingly pressing vehicle manufacturers to reduce pollution. The moves ought to leave a clear field for electric cars, reports Gemini News Service, but the reality is not that simple.

The moment may have finally arrived for the electric car — although it is not about to take over the market.

California's powerful air resources board — which led the industrialised world into the now standard use of catalytic converters on car exhausts — has set its sights on introducing cars that produce no pollution at all.

The state wants two per cent of the cars in the showroom to be zero-emission by 1998, rising to 10 per cent by 2003.

Effectively, zero-emission vehicles have to be electric cars. It is the only technology that produces no emissions at all.

A dozen other US states are also demanding the introduction of electric vehicles. So is Europe. In Britain alone, pollution from particles produced by diesel vehicles leads to thousands of premature deaths from breathing disorders every year.

To help combat this pollution, the European Commission has set up a "car of tomorrow" task force. Competition Commissioner Martin Bangemann says: "It is necessary to pursue the goal of vehicles with ultra-low emissions extending to zero-emission options."

But will electric cars ever outsell petrol and diesel models? A hundred years ago, electric propulsion seemed to have a bright future. The first car to exceed 100 kilometres an hour was electric. In the first years of this century electric cars were outselling petrol by two-to-one in the United States.

In the subsequent 80 years, the technology of the electric vehicle stood still, while the petrol car has become steadily more reliable. If the electric car is to have a future, a lot depends on the success of the stance taken by California and a dozen north-eastern states.

Already, the big three US car-makers — Ford, Chrysler and General Motors — have launched a sustained lobbying campaign designed to persuade California to scale down its demands.

They argue that electric cars cannot match the performance of petrol cars, and that without a technological breakthrough, electric cars will simply stay in the showrooms. The public will not buy them.

The key technological problem is the electric car's battery. The lead-acid battery has remained unchanged for a century. It is the same battery that petrol cars use to operate the electric starter-motor. It is heavy and has only a low power output. And in an electric car, a sizeable chunk of the battery's power is wasted on moving the weight of the battery.

The result is that an electric car's range is limited. A petrol car can run more than 300 miles on a single tank of fuel. An electric cars has a range of around 60 miles.

Despite this limitation, many people believe that electric cars have a future as an urban run-around.

Brian Roden, of Britain's Electric Vehicle Association, argues that there is a problem of perception. In Britain, fewer than 20 per cent of journeys are longer than 10 miles. Only five per cent are longer than 25 miles.

Roden says people could use electric cars for all their normal journeys around town — thus easing pollution in the areas where it is worst — and hire a petrol car when they want to make a longer journey.

Despite the electric car's limitations, one manufacturer is producing a commercial model: the French firm Peugeot's electric version of its 106 model. It currently makes about 200 a month, but because of the low production run, the electric version is about a third more expensive than the petrol model. At the moment, says Roden, his association is concentrating on trying to persuade local councils to buy electric vehicles. A lot of council services that involve deliveries, such as "meals on wheels" for the homebound, could easily be carried out with electric vehicles.

But in the short term, the electric vehicle's prospects are modest. Roden says that if manufacturers got an order for 20, "we'd be pleased. An order for 200 would be a real challenge. An order for 2,000 would be embarrassing — we couldn't do it."

—Gemini News

(Mick Hamer is a freelance journalist specialising in transport issues. He is a consultant to New Scientist magazine.)

Gdansk shipyard president resigns

WARSAW, June 28: The president of the historic Gdansk shipyard offered his resignation Thursday, saying "there is no water, no electricity (and) no work for 80 per cent of the crew, reports AP.

The management of the shipyard where solidarity labour movement was born filed for bankruptcy June 20 under pressure from the government, which owns 60 per cent of the yard. The court is to rule in August on the petition.

President Ryszard Goluch said he could not manage the shipyard when "there is a shortage of production material and most telephone lines have been cut off." He wants to retire.

The shipyard's supervisory board was to decide Friday whether to accept his resignation.

Jerzy Borowczak, shipyard solidarity leader, said the decision is "not good for the yard which is to undergo restructuring."