France favours better economic ties with India

CALCUTTA, July 19: The government of France has taken keen interest in improving its economic ties with India following its economic reforms according to the Deputy Trade Commissioner at the Embassy of France in India Francois Petit, reports PTI.

Addressing the members of the Merchants Chambers of Commerce here yesterday, Petit said that so far the economic relations between the two countries were not satisfactory as it was in the field of culture, politics and international relations.

Stressing the need for frequent interaction with the business community in India to exploit the huge opportunities in Indian market after the country had undergone sea changes in its economic field, Petit said that the French business community was looking for improved relationship with its counterpart in India and particularly with that in West Bengal.

To a question, Petit said that France specialised in water treatment and management could take effort to solve the problems regarding arsenic content in the city's underground water. Besides France was interested in going into collaboration in core sectors including mining and railways, he said.

The French business community was also interested in entering into joint ventures in the areas of agro-based industries, waste management and consumer goods to increase the one billion dollar mutual trade between the two countries.

Indonesia will try to keep car issue from WTO

JAKARTA, July 19: Indonesia will try to keep its controversial national car policy from being discussed at the inaugural December meeting of the World Trade Organisation in Singapore, a senior official said Friday, reports AP.

Industry and Trade Minister Tunky Ariwibowo acknowledged that Indonesia has so far failed to convince major foreign car producers that the policy is not against the free trade rules of the WTO.

The car policy announced in February has angered Japan, United States and Europe because of the three-year import and luxury tax exemptions given to a local car company owned by President Suharto's son, Hutomo Mandala Putra.

The taxes nearly double the cost of foreign cars assembled or imported here.

But Tunky said he is not worried about the foreign car makers.

"I have seen no signs that they will complain over that issue to the WTO," he told reporters after a meeting with President Suharto.

He gave no reason for his optimism, given the standing threat by Japan and the United States to take the dispute to the WTO, responsible for setting the rules for global trade among its more than 100 members.

Tunky said both Japan and the United States still prefer to resolve that issue through consultations even though previous rounds have failed.

Hutomo's company is producing the Timor car in collaboration with South Korea's Kia Motors Corp. The cars are being assembled in South Korea and the first units will go on sale later this year.

US Justice Deptt, 24 major Nasdaq firms reach accord

WASHINGTON, July 19: The Justice Department said it has reached a settlement with 24 major Nasdaq securities firms that were accused of price fixing on transaction costs, reports AFP.

"As a result of the settlement, millions of investors will no longer be subject to the anti-competitive conduct which resulted in higher trading costs for individual investors and institutions who bought or sold stocks," the department said Wednesday in a statement.

The Justice Department took up the case in 1994 after two professors released a report on the market.

The department alleged in its complaint that the firms and others "adhered to and enforced a 'quoting convention' that was designed to deter price competition among the firms and other market makers in their trading of Nasdaq stocks."

The quoting convention required market makers to update the prices they quoted to buy and sell Nasdaq stocks by a quarter (25 cents) rather than an eighth (12.5 cents) whenever their "dealer spreads" were 75 cents or more per share.

A "dealer spread" is the difference between the price an individual market maker offers to buy a stock and the price it offers to sell the same stock on a per share basis.

Nasdaq is a computerized public market in which investors can buy and sell over-the-counter stocks. It is the second — largest securities market in the United States and it traded about 2.4 trillion dollars worth of stock last year.

WB lends $21.4b to developing countries in fiscal '96

WASHINGTON July 19: The World Bank yesterday said its new lending commitments to developing countries totalled 21.4 billion US dollars in fiscal year 1996, which ended on June 30, reports Xinhua.

The figure which consists of both the market-rate loans made by the International Bank for Reconstruction and Development (IBRD) and the concessional credits made to the world's poorest countries through the International Development Association (IDA), is a slight drop from 22.5 billion dollars in fiscal 1995, but little higher than 20.8 billion dollars in fiscal 1994.

The IBRD loan commitments in fiscal 1996 amounted to 14.5 billion dollars for 129 projects and 6.9 billion dollars in IDA credits were approved to support 127 projects.

The combined IBRD and IDA gross disbursements at the end of fiscal 1996 were 19.3 billion dollars, up from 18.5 billion dollars in the previous year.

New lending commitments to Africa in the year totalled 2.7 billion dollars and all of this financing, supporting 53 projects was in the form of IDA credits as compared with the combined and totalled lending of 2.3 billion dollars in fiscal 1995. The four single sectors receiving most of the support in the year were public sector management, transportation agriculture and the social sector.

In South Asia's three billion dollars in new commitments were approved in fiscal 1996, of this 1.2 billion dollars was from the IBRD and 1.8 billion dollars was from the IDA. The figure is virtually unchanged from the fiscal 1995 combined lending to the region.

The World Bank commitments to Latin America and the Caribbean in fiscal 1996 totalled 4.4 billion dollars one fourth of the total lending to the region roughly 1.1 billion dollars went to back efforts in population, health and nutrition, loans to the region in fiscal 1995 were over six billion dollars largely due to loans to soften the efforts of the economic crisis in Mexico.

The countries of Europe and Central Asia saw 61 projects totalling 4.2 billion dollars approved in fiscal 1996 as against the combined total lending of 4.5 billion dollar from 58 projects in fiscal 1995.

New commitments to the countries of the Middle East and North Africa in fiscal 1996 amounted to 1.6 billion dollars up from 979 million dollars in the previous year, which shows 61 per cent increase.

Among the top 10 borrowers in the year include China with 2.97 billion dollars, India 2.077 billion dollars, Russia 1.86 billion dollars and Indonesia 1.509 billion dollars. For the first time Vietnam has become one of the World Bank's top 10 borrowers for the fiscal year, with support totalling 502 million dollars but India was the largest recipient of IDA credits in fiscal 1996, with 1.3 billion dollars for nine projects.

Four vendors set off on a downtown Atlanta street to sell coca-cola at two US dollar per can from their portable backpack coolers on Wednesday. Coca-cola is an official sponsor for the Centennial Olympic Games.

— AFP/UNB photo

China may surpass economic growth target in '96

BEIJING, July 19: China's economy grew 9.8 per cent in the first half of the year and is expected to surpass the growth target for 1996, a top Chinese economist said today, reports AFP.

"We are forecasting economic growth of around 10 per cent, similar to last year's figure of (10.2 per cent)," said Qi Xiaohua, chief economist of the State Statistics Bureau (SSB).

In March, premier Li Peng set an eight per cent target for China's 1996 gross domestic product growth rate in an effort to cool rapid economic growth.

China's retail price index growth eased to 7.1 per cent in the first half, well below the 10 per cent target for 1996, and both Qiu and SSB spokesman Ye Zhen said they were confident that the macro economy was steady and under control with the current growth rate.

Fixed asset investment growth — one of the main factors that pushed the economy into overdrive during 1993 and 1994 was down 6.9 percentage points from the first half of last year at 18.6 per cent.

"For the time being, the growing situation is good and we have ample grain reserves," Ye said.

Actual foreign investment also soared 20.2 per cent in the first half compared to a year earlier to 19.77 billion dollars, as overseas companies continued to see profitable futures in China.

Industrial output growth rose 13.2 per cent over the same period while retail sales increased 21.2 per cent to 1,143.9 billion yuan.

Event the enormous, ailing state sector appeared to have passed is worst.

"The situation of state-owned enterprises was better in the second quarter than the first quarter and we expect a better second half than first half," said Qiu.

In the first quarter of 1996, the state sector, which is struggling to move towards profitability and survive without government subsidies - reported an overall loss.

But the figure for the first five months of 1996 was a 300 million yuan profit.

UN accepts Iraqi plan for distributing humanitarian aid

UNITED NATIONS, July 19: Iraq moved one step closer to finally pumping oil for export after the United Nations on Thursday accepted Baghdad's plan for distributing humanitarian aid purchased as part of an oil-for-food deal, reports AP.

Iraq agreed to a UN plan in May that allows Baghdad to sell two billion dollars worth of oil for an initial 180-day period to buy food and medicine for its people.

But the oil could not be sold until the United Nations accepted an Iraqi plan to distribute the aid and a UN committee approved separate procedures for the exports. The committee was expected to approve the procedures Friday or next week.

"I am happy that the distribution plan has been accepted," UN Secretary General Boutros Ghali told Iraqi chief negotiator Abdel Amir Al-Anbari.

Western diplomats have said that Iraqi oil could begin flowing by the end of August.

The oil-for-food deal is an exemption to the sweeping economic sanctions the United Nations imposed on Iraq after Baghdad's 1990 invasion of Kuwait.

The United States objected to a first draft of the distribution plan, saying it left open the possibility that Iraqi President Saddam Hussein could use food imports to benefit his regime. But Washington accepted the final draft after loopholes were tightened.

"We had difficulties with the draft when it was first made available to us," US Deputy Ambassador Edward Gnehm said Wednesday. "We have used the interval between then and now to make our views known and we find these views largely reflected in the current draft."

WB urges Thailand to check govt spending

BANGKOK, July 19 : The World Bank urged Thailand on Thursday to keep state spending in check, saying the health of the fast-growing economy depends on the government's ability to maintain budget surpluses, says AP.

The warning to Finance Minister Bodi Chunnananda came amid increasingly loud alarm bells from Thai economists that the state is spending its way into a possible deficit.

Two World Bank officials told Bodi that the Southeast Asian country has no room to relax fiscal policy without willingness to ease exchange-rate policy, a source familiar with the talks said on condition of anonymity.

The government recently has spent heavily on military purchases while flirting with the idea of tax cuts.

Thailand ranks among the world's fastest-growing economies, achieving 8.6 per cent growth in gross domestic product last year. But the rapid expansion has severely strained the government's ability to manage the economy.

The country has accumulated one of the world's biggest current-account deficits. Inflation jumped to a four-year high of 5.8 per cent last year.

Moody's Investors Service Inc, the credit-rating agency, has said Thailand could face a "financial shock" because of its growing short-term debt.

At Bodi's request, the World Bank sent Arnaud Guinard and William McCleary to meet with him Thursday. Guinard is the bank's chief of mission in Bangkok. McCleary is the bank's lead economist in Washington.

Thailand maintains one of the most stable currencies in Asia, pegging the baht to a basket of currencies dominated by the dollar. But the stability also restricts the government's control over the economy.

Garbage from US finds no place in Asia

HONG KONG, July 19: A rust-bucket sits in Hong Kong harbour with Chinese documents, American garbage and no place to go, reports AP.

The deck and hold of the Min Hai 451 are covered with thousands of plastic bags - many bearing the logo of the Winn Dixie supermarket chain - and the ship's crew has become the latest hostage in the battle over international dumping.

The Min Hai was supposed to transport 200 tons of cargo from a freighter arriving from Los Angeles and take it to a port in southern China. But Chinese environmental officials turned the ship back.

So for three weeks The 180-foot Min Hai, and its crew of 20 have floated in Hong Kong's harbour, once-frozen pizza and ground meat rotting amid the mounds of plastic bags.

Factories in China do a thriving business in recycling waste paper, fabric and other scrap materials sent from overseas.

But Beijing has begun accusing the United States of using China as a dumping ground for the waste of its consumer society, and passed a law banning the importation of plastic waste on April 1.

Ever since inspectors reportedly found 640 tons of household waste from the United States at a suburban Beijing dump in early May, state-run media have accused American firms of hiding other garbage inside legal shipments of waste.

That's exactly what they say happened with the Min Hai's shipment.

Foreign investment helps Polish economy

WARSAW, July 19 : Poles are gaining management experience and becoming more efficient as they work for and compete with foreign owned companies, according to an agency that has tracked the effects of an open economy in Poland, reports AP.

"In many branches of the economy, even in companies where there is not even a cent of foreign investment, workers follow good examples of their (foreign) competitors," Waldemar Dabrowski, president of the Polish Agency for Foreign Investment, said Thursday.

Foreign investors have put at least 5.2 billion dollars into the Polish economy since the country launched its free market reforms in 1989, according to a bulletin published recently by the agency.

Some 24,000 foreign companies have been registered in Poland since 1989, the bulletin said. The United States, Poland's largest foreign investor, has fueled more than two billion dollars into the country.

Senate votes to open cellular phone in Brazil

BRASILIA, July 19 : In major step towards breaking up the government's lock on the telecommunications industry, the Senate voted Thursday to open cellular telephone service to competition, reports AP.

The Senate voted 55-6 to approve the measure allowing private companies to provide cellular telephone service and operate in satellite communications for the first time.

President Fernando Henrique Cardoso was expected to sign the measure into law Friday, and bidding for cellular service concessions was could begin in three weeks.

But the legislation leaves intact the government's monopoly on fixed line service.

The government is expected to auction off between seven and 10 separate 15-year regional cellular service concessions before the end of the year.

The new law limits foreign participation to 49 per cent of the voting capital in any company that operates one of these concessions for a period of three years.

Move to collect better data from banks, brokerages

BASEL, SWITZERLAND, July 19: Group of 10 central bank governors took steps Thursday towards collecting better data from banks and brokerages so as to get a better view of derivatives trading, reports AFP.

In a report published in their name by the Bank of International Settlements, they asked that the 80 odd financial institutions most active in derivatives provide data every six months on their operations.

They hope to have data-collecting criteria fully in place by the end of 1997, following consultations with merchant banks and brokerage houses which deal in derivatives.

Derivatives are high-risk, high-return financial instruments which got worldwide attention in 1995 with the collapse of the British merchant bank Barings, blamed on a rogue trader in Singapore who was trying to cover losses.

The group of 10 comprises Belgium, Britain, Canada, France, Germany, Italy, Japan, the Netherlands, Switzerland and the United States.

'Israel delays in signing US-Palestinian accord'

JERUSALEM, July 19 : Israel has delayed the signing of an agreement between the United States and the Palestinian Authority to improve water use in the West Bank, Palestinian officials said Thursday, reports AP.

Water is the arid Middle East's most precious resource, and Palestinians face another summer of shortages that have left thousands of homes without running water.

The project would provide US technical assistance and consultation to the Palestinians on increasing access and effective use of existing water resources in the West Bank.

Although Israelis had agreed to the 46.5 million dollars project, officials of the new government said Wednesday they want more time to review the issue, said Fadel Kawash, deputy head of the Palestinian Water Authority.

Noah Kinarti, who represents Israel in the Joint Water Committee, declined comment.

An agreement between the US Agency for International Development and the Palestinian Water Authority was to be signed Wednesday in the West Bank city of Nablus in the presence of Palestinian leader Yasser Arafat.

Susan Ziadeh, a spokeswoman for the US Consulate in Jerusalem, said the signing was postponed due to technical problems and "will go forward.. We just need to work it out".

Kawash said Israeli, American and Palestinian members of the Joint Water Committee agreed on the project in 1995. Under the Israel-PLO accords, Israel's approval is needed on such projects.

Abdulrahman Tamimi, head of the independent Palestinian Hydrology organization, noted the project would not develop new water sources — which would have touched on the unresolved question of who has rights to the water sources in the West Bank.

Malaysia to chair Trans-Asian rly project meeting

KUALA LUMPUR, July 19: Malaysia will chair a meeting of the Trans-Asian Railway Project Working Group to be held here before the end of the year, reports AP.

The meeting is to be attended by representatives from Association of Southeast Asian Nations (ASEAN) countries as well as from Laos, Burma and Cambodia, the Parliamentary Secretary to the Transport Ministry Choor Chee Heung told Parliament Thursday.

The project involves a rail link from Singapore to Kunming in China.

The proposed route as well as the financial and technical aspects of the project are likely to be discussed at the meeting, Choor said in reply to a question on what progress being made on the railway.

An ASEAN summit meeting in Bangkok early this year appointed Malaysia to study the project.

Conference on climate change ends

Govts call for binding cuts in industrial pollution

GENEVA, July 19: Government ministers gave a crucial push to the battle against global warming Thursday, pressing for cuts in industrial pollution to be legally binding, reports AP.

The joint declaration, which came near the end of a two-week conference on climate change, paves the way for a substantial strengthening of the global accord sealed at the Rio Earth Summit four years ago.

Unexpected support by the United States for new strides to protect the world from the potentially devastating consequences of rising temperatures made the strong call for action possible.

"Support from the United States to legally binding measures has put teeth into the declaration," aid Peter DeBrine spokesman for the environmental organisation World Wide Fund for Nature.

The US policy switch away from purely voluntary measures is in contrast to the hardline taken by the Bush administration in Rio on the grounds of protecting American jobs which resulted in a watering down of the treaty.

So called greenhouse gases — carbon dioxide, methane and nitrous oxide — come from the burning of oil and coal, particularly in industry and from agriculture. As concentrations build up in the atmosphere they trap the sun's heat like a greenhouse or a car parked in the sun.

A new UN report — researched by more than 2,000 scientists — predicted the earth's climate would heat up by 1 to 3.6 degrees Celsius (2 to 6 degrees Fahrenheit) over the next century.

About 150 government representatives attended the conference.

The declaration was adopted despite reservations by Australia and New Zealand as well as oil and coal producing countries such as Saudi Arabia, Kuwait, Iran and Russia.

Australia and New Zealand, which have important coal industries to protect, objected to omission reductions being "legally binding."

Saudi Arabia speaking on behalf of the oil producing nations of Venezuela, Iran, United Arab Emirates, Russia, Nigeria, Oman, Yemen, Kuwait, Sudan and Bahrain, complained of a "lack of transparency" in the proceedings, hindering discussions of the text, which did not reflect all views.

The countries fear heavy cuts in oil and coal use could devastate their economies.

Red letter day approaches for patient publisher

Fons Tuinstra writes from Shanghai

Shorter working hours and increasing prosperity have created a growing demand for books in China. Where the country's first book club is about to start signing up members. But, reports Gemini News Service, the German firm behind the idea is proceeding cautiously.

Books are highly sensitive in China, so the only foreign publishing house in the country is trading carefully.

By the end of the year however, the giant German company Bertelsmann hopes to have inaugurated China's first book club — a mail-order service allowing subscribers to buy books at regular intervals from a publisher's selection.

The company is concentrating on distribution of books because publishing is forbidden to foreigners. Economic liberalisation has not been accompanied by a lessening of political controls, particularly over information and the media.

Bertelsmann's operation began in Shanghai in the early 1995 in a small office on the fifth floor of its Chinese partner, the Science and Technology Book Company.

Now more than 9 people are employed and the company is looking for more space.

A top target for the book club is well-off Shanghai peasants, who are earning more money as a result of the opening up of the economy and who have more leisure time but little access to books.

Other sectors of the market are also expanding, and Bertelsmann's partner has opened four new bookshops in the past six months.

"Because of the introduction of the five-day working week, people have more time to read. And economically, people can afford to buy more books," says general manager Ekkehard Rathgeber.

Bertelsmann has been coaching its partner on how to display books more effectively to increase sales.

"In the past they would display any book," Rathgeber explains. "Some books would lay around without being touched for years. Now they give more space to the bestsellers and less to the books they cannot sell. Their approach is more professional."

Book stores are also becoming more aware of what people want to read.

"A year ago, you would see many boring books about making pictures or playing bridge," he says. "Now they actively look for new trends in society. They are publishing many more foreign titles and try to buy more copyrights. The variety of books has increased greatly."

But Rathgeber points out that his Chinese colleagues have still more to learn.

"Chinese publishing houses still see China as one big market," he notes.

"They don't realise that 10 renminbi is nothing for a Shanghainese, while in other provinces it still is a lot of money.

"So they can afford to bring more expensive books on the Shanghai market, even though there is no market for it in a poor province like Anhui. But this is not the way they think."

Bertelsmann showed what can be done by collaborating with the Shanghai People's Publishing House on a 180 renminbi boo The Wonders in the World.

"This kind of expensive book asks for a different approach," says Rathgeber. "You need a good display, marketing, much attention. Many good books are not published because the Chinese publishing houses don't realise there is a market for them."

Rathgeber says his company will have been in China for almost two years by the time it is able to start its book club business.

"We knew it would take time," he says. "We didn't come to earn a lot of money in two years and then go away."

He emphasises that entering the Chinese market is possible only for companies which can afford to move slowly.

Even setting up a representative office, the first stage of doing business in China, can easily cost 1.5 million deutschmark a year, says Rathgeber.

"And even if you invest this money, you can never be sure you will get it back. That is why many companies simply cannot afford to come to China."

Once catalogues have been prepared and orders start coming in, Bertelsmann will operate its own delivery service.

"I didn't come here to organise a transport company," says Rathgeber, "but if you want to guarantee quality in China, you have to do it yourself. You have to control everything."

Advertisements and direct mail campaigns will also be handled by Bertelsmann staff "because most advertising agencies in Shanghai focus on TV commercials and want to build the image of the big companies," which is not needed for the book club venture.

Bertelsmann is a major magazine publisher in Germany but sees no opportunities here: "This market, just like the book market, is high regulated. It's impossible to start you own magazines in China," says Rathgeber.

"And I don't expect big changes in the near future. I don't think foreign publishing houses will have big opportunities." — **Gemini News**

(Fons Tuinstra is a Dutch journalist living and working in China.)