

## Electricity supply to Bihar, Orissa, W Bengal rationed

NEW DELHI, Sept 13: India's largest state-owned power company Tuesday announced it was rationing electricity to three eastern states for failing to pay their bills, reports AFP.

The National Thermal Power Corp. (NTPC) began cutting supplies to Bihar, West Bengal and Orissa at the start of September after the three failed to pay up tens of millions of dollars in outstanding payments.

"We cannot keep on giving electricity to them, because we have our commitments to the World Bank and other funding agencies," an NTPC spokesman said.

The three states owe a total of 304 million dollars to the NTPC, he said.

The company, with a daily generating capacity of 17,000 megawatts, is main supplier to a network of regional grids.

The spokesman said the mountainous border states of Sikkim had also defaulted.

Company Chairman Ramesh Singh said, "We are now driven to the wall which leaves us with no option but to rationed generation. We will reduce the power supply to these regions until they cough up the money."

The Bengal government last week lodged a protest with the NTPC, saying partial black-out would 'compromise' the region's security, other officials said.

But the company spokesman dismissed the complaint as "unacceptable."

## S Korea offers to sell tanks to Malaysia

KUALA LUMPUR, Sept 13: South Korea offered Thursday to sell tanks and armoured personnel carriers to Malaysia, reports AP.

Deputy Prime Minister Han Seung-soo made the offer in a meeting with his Malaysian counterpart, Anwar Ibrahim.

Anwar said Malaysia would consider the offer but didn't make any purchase commitments, said Finance Ministry Secretary-General Clifford Herbert, who attended the meeting.

Armed forces officials say Malaysia wants to buy tanks and APCs, and is considering models from Britain, the United States, France and Germany.

Anwar also asked Korea to send Korean language teachers to help train Malaysian tour guides.

## UK's jobless rate falls to five-year low

LONDON, Sept 13: The unemployment rate fell to a new 5-year low of 7.5 per cent, or 2,110,400 people, in August, the government said Wednesday, reports AP.

It was the sixth straight monthly drop, beating the rate for July, when the number of jobless dropped to 7.6 per cent, or 2,126,200 people, the lowest figure since March 1991.

The government said steady growth in the economy is stimulating the creation of new jobs.

## Palestinian police crack down on illegal imports

GAZA CITY, Sept 13: Palestinian police have seized thousands of cigarettes in a crackdown on goods imported from Israel into Palestinian autonomy areas without proper customs clearance, officials said Wednesday, reports AP.

Samir Heleilya, a deputy economy minister in the Palestinian Authority (PA) self-rule government, said police had been ordered to confiscate all Israeli and other foreign cigarettes which do not bear PA Customs Tax stickers.

"Cigarettes cannot be imported into the Palestinian areas without passing through a Palestinian agent and receiving an official PA sticker," he told Voice of Palestine Radio.

Officials were unable to say how many illicit cigarettes were seized, but Palestinian police were seen Tuesday and Wednesday confiscating cigarettes at shops through the Gaza Strip and PA-controlled areas in the West Bank.

Heleilya has been meeting with Israeli businessmen over the past week to explain a new tougher policy on imports entering Palestinian-controlled areas from or through Israel.

"We have asked for a quality label in Arabic on Israeli products and for an Israeli agent to be responsible for dealing with the Palestinian Authority," Heleilya told AFP earlier this week.

These technical limits are exactly the ones that Israel requested on its market," he said.

Israeli imports to the Palestinian territories stood at 2.3 billion dollars in 1995, he said, compared to PA's 400 million dollars in exports.

Before the meeting, Moshe Nahum, a member of the Israeli Employers' Federation, expressed fears for the future of Israeli exports to the West Bank and Gaza Strip.

There are rumours that the Palestinian Authority will pull out of stores all products not meeting the new standards, and that has created a lot of tension," he told Israeli public radio.

## Rice hurdle cleared

# ASEAN to institute dispute settlement system

JAKARTA, Sept 13: Capping tortuous negotiations, ASEAN forged a compromise yesterday on freeing trade in rice and decided to institute a system to settle disputes on the road to closer economic integration, reports AFP.

Indonesia and the Philippines agreed to begin phasing rice and sugar into an ASEAN free trade plan by January 1, 2003 and end the process by 2010, dropping their insistence that the deadline be pushed back to 2020.

A joint statement released at the end of a meeting of economic ministers from the Association of South-East Asian Nations (ASEAN) said the two countries will be given flexibility in setting their end tariff rates.

The final tariffs will be higher than the zero-to-five per cent targeted by ASEAN officials said, Indonesia's present tariffs on rice range up to 160 per cent.

"It was the spirit of ASEAN goodwill that prevailed," said Thai Deputy Prime Minister Anurudh Virawan, whose country has been most insistent on ASEAN sticking to the 2010 deadline.

He said he expected the Indonesian and Philippine governments to exercise their flexibility in setting tariff rates in "the most favourable manner to the ASEAN free-trade spirit."

The compromise, capping several rounds of painstaking talks here and in the past suggested that more negotiations would be required to decide what the end-tariffs should be, but ASEAN negotiators downplayed the issue.

There are 15 years to go. Anything can happen, said Thai official Kirik-Krai Jirapaet.

The compromise was reached just a day after trade ministers from the seven-nation grouping tasked the Jakarta-based ASEAN secretariat to mediate after failing to reach an agreement on liberalising trade in rice.

The dispute arose mainly because of differing interpretations of the 2010 deadline set by the grouping. Indonesia and the Philippines took it to mean that rice and sugar would begin to be integrated in the free-trade process from 2010.

Thailand, the world's leading producer and exporter of rice, said ASEAN risked hurt-

ing the spirit of free trade and its commitment to liberalisation by delaying it.

ASEAN, which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam is targeting the creation of an ASEAN Free Trade Area (AFTA) by 2003 which would lower tariffs on almost all products trade among member-states to zero-to-five per cent.

Unprocessed agricultural commodities like rice and sugar have been exempt until 2010 from the plan.

Liberalising trade in sensitive agricultural products including rice and sugar has been the main stumbling block in ASEAN's ambition of creating one of the world's largest free trade areas.

Barring trade-driven Singapore and oil-rich Brunei, ASEAN members have a sizeable rural base and face pressure from powerful domestic lobbies opposed to opening up the farm sector too quickly.

ASEAN also decided Thursday to sign an agreement in November setting up a "dispute settlement mechanism."

The agreement provides for an ASEAN panel to hear and

resolve disputes within a 290-day limit, delegates said.

Economic ministers would serve as an appeals body and disputing parties given the option of approaching the World Trade Organisation (WTO) for arbitration in case they disagree with their verdict.

The ministers also agreed to turn the region into a low-tariff investment area to boost ASEAN's attractiveness for foreign investors and asked the ASEAN secretariat here to prepare a paper on the scheme.

They decided on a June 30, 1997 date for ending negotiations on opening up the tourism and telecommunications sectors and a December 31, 1998 deadline for concluding talks on freeing the financial services, maritime and air transport, construction and business services sectors.

With a collective external trade of 700 billion dollars ASEAN is the world's fourth largest trader after the United States, Japan and the European Union.

Intra-ASEAN exports last year amounted to 68.8 billion dollars, up 19.7 per cent over 1994.

## WB loan to Bosnia

WASHINGTON, Sept 13: The World Bank Thursday authorised loans of 90 million dollars to Bosnia to help rebuild government institutions and reorganise the banking sector, reports AFP.

The loans from the bank's international development agency, used to help the poorest countries, include 20 million dollars from the Netherlands.

The loans have a 10-year grace period and are due in 35 years. Coming just ahead of the planned Bosnian elections, the credits are aimed at rebuilding government agencies affected by the long war in the Balkan country including tax and customs administration, bank licensing and pension and health administration.

Some of the funds will be used for privatisation, mainly in the banking sector.

Since the signing of the Bosnia peace accords, donor countries have pledged 1.8 billion dollars for Bosnian reconstruction. Of that, 684 million dollars has been pledged and 405 million dollars released.

The World Bank's share of the total sum is 325 million dollars.

Five of the 13 projects financed by the World Bank are for the Serb Republic within Bosnia.

## IMF hails China

WASHINGTON, Sept 13: The International Monetary Fund on Thursday hailed China's "impressive" economic performance notably its move toward an open market and efforts to curb runaway growth, reports AP.

The assessment was contained in a section of the IMF's annual report and reflected an analysis carried out by fund directors last April.

"Directors welcomed China's continued impressive economic performance and ... moves toward a market-based system, to strengthen macro-economic management and to further integrate the country into the global economy," the report said.

The IMF noted the inflation in China had been reduced from 25 per cent in October 1994 to around eight per cent by the end of 1995, while real growth in gross domestic product moderated from 12 per cent in 1994 to 10 per cent last year.

IMF officials "commended the successful moderation of growth and demanded toward more sustainable rates and reduction of inflation to single digits."

But the report disclosed that the IMF remained "concerned at the decline in the ratio of fiscal revenue to GDP, which had necessitated a compression in budgetary expenditure."

Given its strong external position, China could now afford to speed up trade liberalization, according to the IMF.

The fund also urged Chinese authorities to reduce subsidies and other financial support to state firms.

## Finance minister tells confce India raising limit on FDI up to 74 pc

NEW DELHI, Sept 13: India is raising the ceiling on foreign equity participation in non-core industries to 74 per cent, Finance Minister P Chidambaram said on Thursday, reports Reuters.

"We are raising the limit (on Foreign Direct Investment) up to 74 per cent for non-core, non-strategic industry," Chidambaram told a conference on banking and investment. The current limit is 51 per cent.

Industry leaders welcomed the move, saying it would lure more foreign investors and bring in more foreign capital to help the economy.

"It is certainly a good and encouraging step. The list of automatic approvals up to 74 per cent needed to be expanded," V Raghuraman, secretary general of Associated Chambers of Commerce and Industry, told Reuters.

India, the world's second

most populous nation, attracted only 2 billion US dollars in foreign direct investment last year.

Chidambaram did not give details of the changes on the equity limits. He did not also specify the list of non-core sector industries in which foreign shareholdings could be increased to 74 per cent.

Earlier this week the Financial Express newspaper cited mining services, the basic metals and alloy industry, and electricity generation and transmission as some sectors where foreign equity stakes of up to 74 per cent would be granted automatic government approval.

But in the consumer goods industries, foreign equity participation should be increased in stages, Srivastava said.

"Policies in the infrastructure and financial sector must be liberalised along with this to attract more foreign investment," Raghuraman said.

## Dhaka Stock Prices

### Price-fluctuation of issues

By Staff Correspondent

The share market of Dhaka Stock Exchange boomed last week when prices of most of the issues rose.

Name of issue	Closing price		Difference
	September 5 '96	September 12 '96	
Islami Bank	Tk 5636	Tk 5000	(-) Tk 636
National Bank	Tk 209	Tk 260	Tk 51
Al Baraka Bank	Tk 1225	Tk 1450	Tk 225
ILDC	Tk 3948	Tk 4485	Tk 537
ULC	Tk 1982	Tk 2182	Tk 200
BD Lamps	Tk 3889	Tk 4600	Tk 711
Aziz Pipes	Tk 1461	Tk 1597	Tk 136
Eastern Cables	Tk 632	Tk 727	Tk 95
Karim Pipe	Tk 551	Tk 755	Tk 204
Singer BD	Tk 11003	Tk 12702	Tk 1699
Monno Jute	Tk 3700	Tk 4316	Tk 616
National Tubes	Tk 2169	Tk 2200	Tk 31
Alpha Tobacco	Tk 178	Tk 186	Tk 8
Apex Food	Tk 5284	Tk 5679	Tk 395
Gemini Sea Food	Tk 786	Tk 821	Tk 35
A M C L Pran	Tk 933	Tk 1123	Tk 190
Modern Industries	Tk 190	Tk 210	Tk 20
BOC Bangladesh	Tk 296	Tk 328	Tk 32
Padma Oil Co	Tk 496	Tk 535	Tk 39
National Oxygen	Tk 208	Tk 220	Tk 12
Ashraf Textile	Tk 25	Tk 36	Tk 11
Monno Fabrics	Tk 105	Tk 120	Tk 15
Ambee Pharma	Tk 40	Tk 67	Tk 27
Beximco Pharma	Tk 90	Tk 128	Tk 38
Glaxo	Tk 165	Tk 280	Tk 115
ACI	Tk 126	Tk 155	Tk 29
BCIL	Tk 441	Tk 450	Tk 9
Beximco Infusion	Tk 489	Tk 550	Tk 61
N Polymer	Tk 1073	Tk 1240	Tk 167
Square Pharma	Tk 671	Tk 872	Tk 201
Imam Button	Tk 230	Tk 273	Tk 43
Eastern Housing	Tk 115	Tk 135	Tk 20
Shine Pukur Holdings	Tk 105	Tk 118	Tk 13
GQ Ball Pen	Tk 874	Tk 560	(-) Tk 315
Monno Ceramics	Tk 874	Tk 990	Tk 116
Usmania Glass	Tk 1074	Tk 1383	Tk 309
Cig Cement	Tk 3365	Tk 3701	Tk 336
Confidence Cement	Tk 1241	Tk 1494	Tk 253
Meghna Cement	Tk 745	Tk 832	Tk 87
Green Delta	Tk 959	Tk 1100	Tk 141
United Insurance	Tk 552	Tk 694	Tk 142
Phoenix	Tk 576	Tk 625	Tk 49
Central	Tk 342	Tk 361	Tk 19
Eastern	Tk 300	Tk 315	Tk 15
Karnaphuli	Tk 332	Tk 357	Tk 25
Rupali	Tk 680	Tk 741	Tk 61
Sandhani	Tk 380	Tk 372	(-) Tk 8
Delta Life	Tk 1489	Tk 1700	Tk 211
Purabi	Tk 504	Tk 298	(-) Tk 206



Hong Kong socialite Ruby Yao presents the largest heart-shaped diamond ever to come to auction in recent memory at Christie's in Hong Kong on Thursday. The diamond was shown during a press review of the magnificent jewels which will be auctioned at Christie's in New York October 23-24. The 101.31 carat, D-colour and internally flawless diamond is estimated to fetch 10 million US dollars. —AFP/UNB photo

## Stronger Sino-Indian trade ties urged

BEIJING, Sept 13: China and India, the world's two largest markets, should learn from their similar problems to boost bilateral trade and political ties, experts suggested, reports AP.

"Taking into consideration the two countries' economies, the current level is not enough," Wen Fude, Vice-President of the Institute of Social Sciences at Western Sichuan University, was quoted as saying by the official China Daily on Wednesday.

A vast potential exists to be tapped, he told a symposium co-hosted in Beijing by India's Rajiv Gandhi Foundation and the China Association for International Friendly Contact (CAIFC).

Wen added that there has been reluctance to develop Sino-Indian trade because peo-

ple overstressed the fact the two countries tend to export similar products to the international market.

Sino-India trade, which climbed from 265 million dollars in 1991 to 1.1 billion dollars in 1995, the China Daily said.

But in 1993, Chinese Vice-Premier Li Lanning said bilateral trade could hit 3.0 billion dollars within a few years if the two countries expanded cooperation in aerospace, electronics, railways, mining and construction.

Since the world's two largest developing countries share many economic similarities and face similar problems, mutually many products suitable for China would be welcomed in India, said CAIFC researcher Zhao Wewen.

## Wholesale prices rise in US

WASHINGTON, Sept 13: Wholesale prices in the United States rose 0.3 per cent in August, the steepest advance in five months. But excluding volatile food and energy costs, prices actually declined, reports AP.

The Labour Department said Thursday the increase in its Producer Price Index was the largest since it jumped 0.5 per cent last March. The PPI was unchanged in July.

Food prices, led by increases in the cost of meat, shot up 1 per cent in August and energy prices climbed 0.7 per cent.

But without those components, the so-called core rate of wholesale inflation fell 0.1 per cent, the first decline since an identical drop last March. It had edged up 0.1 per cent in July.

Many analysts had expected a 0.2 per cent overall advance in August.

The PPI measures cost pressures before they reach the retail level. The department reports on consumer inflation on Friday and many analysts are predicting a 0.2 per cent increase.

Still, wholesale prices were rising at a seasonally adjusted annual rate of just 2.1 per cent during the first eight months of 1996. The PPI rose 2.2 per cent during all of 1995.

The report was the latest to show little sign of inflation emerging in the economy.

The Federal Reserve released a survey on Wednesday showing that although there are widespread signs of wage pressures, they have yet to be translated into substantially higher prices.

Still, a growing number of economists expect the Fed to raise short-term interest rates later this month to slow the economy in a pre-emptive strike against inflation.

## Retail prices up in UK

LONDON, Sept 13: Retail prices in the United Kingdom were up 2.1 per cent in August compared to the same month a year ago, the government said Thursday, reports AP.

That compared to a year-to-year increase of 2.2 per cent in July.

The August rate reported by the Office for National Statistics was above economists' forecasts of 2.0 per cent.

## Chinese retail prices rise

BEIJING, Sept 13: Retail prices in China rose 5.8 per cent in August from a year earlier in a further sign that inflation has been tamed, China Central Television reported Wednesday, says AP.

Retail prices in August were just 1.3 per cent higher than in July. CCTV reported on its national Evening News broadcast, citing the State Statistical Bureau.

A tight credit policy, a large government prohibition on large capital expenditures and price controls on staple foods have been credited with wrestling inflation down from its high in 1994.

The rise in the retail price index, which does not factor in the costs of energy and services, reached 21.7 per cent that year. Last year, the index's climb averaged 14.8 per cent and this year the government has set a target of 10 per cent.

TOKYO: Sanwa Bank said Thursday it has fired an employee who had embezzled more than 20 million yen (182,000 dollars) in clients' money to repay his personal debts.

Sanwa said it has returned the money, with interest, to the clients, because the employee, 41, was unable to pay it back immediately.

The employee was entrusted by some 10 clients with funds to purchase mortgage securities between August 1992 and April 1996, the bank said.

His wrongdoing surfaced when a client inquired about the money after the employee was transferred to another branch in May.

Sanwa said it has no immediate plans to file a criminal complaint against the former employee as he showed regret and promised to pay back the money.

The latest embezzlement comes a week after another Sanwa banker was arrested in a separate case, in which he allegedly withdrew 550 million yen (five million dollars) from clients' regular savings accounts to cover his stock investment losses.

KUALA LUMPUR: Malaysia Thursday put on display and started taking orders for a new version of a mini car made here in collaboration with Daihatsu of Japan.

Kancil 2 has a 850 c.c. engine compared to Kancil 1 which has a 660 cc engine, said Abdul Rahman Omar, managing director of Perusahaan Otomobil Kedua Pty Ltd.

The new version will also have power windows, wider tires, new seat materials and other features, he told reporters.

Kancil 1, which sold 78,000 cars in two years, will continue to be available. Its top model sells for about 31,000 ringgit (12,200 dollars) while the Kancil 2 top is offered for 34,000 ringgit (13,600 dollars).

Although labeled as a Malaysian product, the engine and transmission come from Japan.

Abdul Rahman said the new car was aimed at those who want a little more power in their engines.

MANILA: The Philippines House Representatives passed a controversial excise tax bill early Thursday that is a crucial element in President Fidel Ramos' overhaul of the country's tax system.

In recent years, the government has depended on sales of government assets to balance its budget because of shortfalls in

tax collection. Tax reform is seen as essential for sustaining government revenue since potential assets for privatization are drying up.

The excise tax bill approved by the House is a compromise version of an original bill that sought to bring in 4.5 billion pesos (173 million dollars) of the nearly 14 billion pesos (540 million dollars) in increased annual revenue that the government expects from the overall tax reform.

The government has had poor success in collecting taxes, in part because of many loopholes in the current system. Its proposed reforms would lower tax rates for many people but increase collectibility through simplification.

SINGAPORE: The Singapore government may sell state land for 11,000 to 12,000 private homes next year, says National Development Minister Lim Hng Kiang.

This is more than the 10,000 units forecast by property industry executives.

Lim also announced on Wednesday that land for 4,000

executive condominiums, government-sponsored housing units with condominium facilities, will become available in 1997.

Two-thirds of this land, is to be sold by tender to private developers and the remaining third allocated to government-linked companies.

Officials said earlier this year that more state land would be released for private homes to meet the growing demand for such housing and rein in soaring property prices.

An estimated 13 to 16 per cent of Singapore's three million people live in private properties.

BEIJING: China has discovered new oil deposits in its far northwest, leading to hopes that the region will be able to produce more than 20 million tons of oil by the end of the century, China's state-run Xinhua News Agency said Thursday.

The new oil reserves were discovered in Xinjiang, an area China hopes will become a major oil producer, Xinhua said. New reserves were discovered in Xinjiang's Taklimakan Desert and the Karamay oil field, it said.

It said reserves of 8256 million tons were verified in the Junggar, Tarim and Turfan-Hami oil fields in the first seven months this year, and that proven reserves are expected to top 14 million tons by the end of the year. —Source: AP

