

Nepal, Aussie co sign accord on power project

KATMANDU, June 28: The Nepalese government Friday signed an agreement with Australia's Snowy Mountains Engineering Corporation to build a 1.2 billion dollar hydro electricity project in Western Nepal, reports AP.

Electricity generated by the 750 mega wats project will be mainly sold to neighbouring India.

The project to be built by using the Seti River at Dhunghat near the India-Nepal border.

The Australian company will start construction work in one and a half years after making the environmental assessment.

3 Indian oil giants form it venture co

BOMBAY, June 28: Three Indian oil majors have combined to form a joint venture company to develop petroleum product pipelines in the country, an oil industry source with knowledge of the deal told Reuters on Saturday.

The principal shareholders in Petronet India Ltd are India's three largest state-controlled refiners - Indian Oil Corp (IOC), Bharat Petroleum Corp Ltd (BPCL) and Hindustan Petroleum Corp Ltd (HPCL).

IOC will initially hold an 18 per cent stake, but will divest two per cent to BPCL and HPCL in the future. BPCL and HPCL will control 16 per cent a piece.

Infrastructure leasing and financial services will take a 10 per cent shareholding and 40 per cent will be offered to financial institutions.

The company will not be listed on Indian stock exchanges but may be within one or two years, the source said.

The company will start with an authorised capital of 10 million rupees.

It has plans to build five new identified product pipelines.

The planned pipeline routes are Vadinar-Kandla, Chennai-Tiruchi-Madurai and Kochi-Karur, Mangalore-Bangalore and Bina-Jhansi-Kanpur.

Petronet will hold its first board meeting on June 16.

Dollar regains ground in New York

NEW YORK, June 28: The dollar regained some lost ground Friday against other major currencies after new data from Tokyo suggested the Japanese economy may be weaker than earlier reports indicated, reports AP.

Around 10:20 am (1420 GMT), the dollar was trading at 114.60 yen against 113.15 late Thursday and 1.7365 German marks against 1.7252.

The greenback also rose to 5.8205 French francs against 5.8205 Thursday, 1.4483 Swiss francs against 1.4343 and 0.6022 pound sterling from 0.6003.

Gold rose 20 cents to 338.70 dollars an ounce.

Paul Farrell of Chase Manhattan Bank said the selloff of the dollar and rise in the yen earlier this week, following an upbeat Bank of Japan report, was tempered by later data on Japanese unemployment and retail sales.

The market was very short yesterday, it was oversold in dollars, said Farrell, who indicated that demand for dollars against the yen helped pull the greenback higher against the European currencies.

A report revising US economic growth in the first quarter to 5.9 per cent from 5.8 per cent had little impact, he said.

US Senate passes biggest tax cut in 16 years

WASHINGTON, June 28: The US Senate passed on Friday the biggest tax cut in 16 years, approving 135 billion dollars in tax breaks for families, investors and students, reports AP.

The 80-18 vote culminated a debate that stretched over three days and dealt with dozens of amendments to the 662-page measure. The vote followed House of Representatives approval of a similar tax-cut package Thursday, 253-179.

"I think this has been a historic week," said Senate Majority Leader Trent, referring to the budget bill passed earlier in the week.

Next month, House and Senate tax-writers are expected to begin talks to resolve differences between the two tax-cut bills before sending the final package to the White House, which could come by August.

Earlier in the day, the Senate turned away a move to fur-

ther raise cigarette taxes.

The Senate killed an amendment by Sen Edward Kennedy to add 23 cents more to the tax on a pack of cigarettes. The proposal would have raised another 12 billion dollars for health coverage for uninsured children from poor families.

House Speaker Newt Gingrich voiced confidence Thursday that President Clinton would sign a tax bill later this summer, despite numerous reservations expressed by the White House.

"We're going to work with the president and his team," Gingrich said, shortly after the House voted 253-179 to pass the tax cut package. "We're going to try to find everything we can to get the bill signed."

The House bill provides a 500 dollar tax credit for children under age 17, tax breaks for education, a reduction in capital gains taxes, expanded and relief from estate taxes.

Roughly similar to the Senate version, the House bill departs in significant areas, which will be the focus of still more negotiations between Congress and the White House later this summer.

At the White House, Press Secretary Mike McCurry expressed confidence that the House-Senate talks will produce a final measure more to the president's liking than either version.

But McCurry said that if the administration's efforts fail, "the president will veto legislation that blows a hole in the deficit."

The House vote came after a debate vividly highlighting a gulf between the parties. Liberal Democrats repeatedly criticised the bill as a bonanza for the wealthy, while Republicans cast it as an historic step in shrinking the Washington bureaucracy.

Leading Euro stocks lose ground in London

LONDON, June 28: Leading European stock markets all lost ground, though not a lot, on Friday, the slippage ranging from 0.09 per cent in Paris to 0.38 per cent in London, says AFP.

London stocks eased, staying in the loss column all day as the Footsie Index gave up 17.8 points or 0.38 per cent on the day to end at 4,640.1 points.

Traders said the main reason for the market's weakness was the continuing uncertainty hovering over the new labour government's first budget, to be presented next Wednesday.

There has been considerable speculation about an exceptional tax on privatised companies.

London share volume came to 750 million.

The Paris bourse zipped up to a new record high Friday morning, but then came in for a spot of profit-taking after a string of five winning sessions to wind the day up with a small loss.

The Cac 40 index opened with a 0.33 per cent rise to reach a record high of 2,903.18 points, but the profit-taking pushed the indicator back down to 2,891.04 points at the close, off 0.09 per cent from the Thursday close.

Trading was again very active with volume of 10.2 billion francs on the monthly settlement market.

The gains of the previous five sessions had totalled a heady 5.62 per cent.

The Frankfurt Stock Market eased in what traders called a consolidation after two straight record-setting sessions.

The Dax Index gave up 0.37 per cent on the day to end at 3,795.41 points in dull trading. There was no significant information to give the market a strong direction, and "not much is going on - after all, it's Friday," said one Deutsche Bank operator.

He added that investors were also worried that Wall Street might fall at the New York opening (in the afternoon, European time).

On Thursday, the Dax reached a record closing high of 3,798.51 points.

The dollar was fixed in Frankfurt at a firmer 1.7300 marks on Friday, against 1.7265 at the Thursday fixing.

The Frankfurt bond market rose, and the average yield on government issues fell by 0.02 of a pint to 4.91 per cent.

Malaysia, Taiwan may liberalise air travel

KUALA LUMPUR, June 28: Malaysia and Taiwan have agreed in principle to liberalise air travel between the two countries, an official news report said Friday, says AP.

Transport Minister Ling Liong Sik said the proposed "open skies" pact with Taiwan would increase passenger and cargo traffic, Barnama news agency said.

Malaysia has trade and investment links with Taiwan, but no political ties.

Ling told Bernama the agreement was discussed with his Taiwanese counterpart during the June 22-24 Asia Pacific Economic Cooperation transportation meeting in Victoria, Canada.

He said similar arrangements were being worked out with other countries. Kuala Lumpur and Washington signed one such agreement last week.

Taiwan to allow Chinese ships to its ports

TAIPEI, June 28: Taiwan plans to allow Chinese freighters to visit its ports, removing another barrier to shipping links with China, an official said Monday, reports AP.

Chinese ships registered in third countries may enter Taiwanese ports if they make a stop at a foreign port first, Transport Minister Tsay Jaw-yang said.

He told reporters that the plan could be approved soon by the Cabinet.

Under current rules, Taiwan only allows foreign ships with less than 50 per cent Chinese ownership to sail to this island.

In April, Chinese and Taiwanese ships began plying directly between two southern Chinese ports and a Taiwanese port, but they were limited to carrying goods destined for transshipment to third countries.

Taiwan-bound cargoes on Chinese ships now must be unloaded at Hong Kong and then reloaded on to a foreign or Taiwanese ship for the continued voyage to Taiwan.

Taiwanese businessmen have urged authorities to lift shipping restrictions to smooth the annual US dir\$ 20 billion of trade with China.

Unemployment rate in Japan hits 3.5 pc in May

TOKYO, June 28: Japan's unemployment rate hit 3.5 per cent in May, jumping back to record levels reached last year, while the rate for women reached an all-time high, the government announced, reports AP.

The jobless rate for women hit 3.8 per cent, up from 3.5 per cent in April, the statistics bureau of the Management and Coordination Agency reported Friday.

The overall jobless rate also hit 3.5 per cent in May and June of last year, the bureau said.

Yet despite the record levels, the number of employed rose 1.2 million from the same month a year ago to a record 66.32 million, for the 15th month of year-on-year gains, the report said.

Helping boost unemployment for women was a jump of 0.9 per cent in the rate among females between the ages of 25 and 34, which reached 6.1 per cent, the report said.

Such a number for that age group is "quite high," a bureau official briefing reporters said.

Japan's jobless rate would be significantly higher if calculated by US or European methods. Anyone who has worked one hour or more by the final week of the month surveyed is counted as fully employed in Japan, but not in the West.

In a separate report, the Labour Ministry said 73 jobs were available for every 100 people seeking employment in May, up from 71 per 100 in April.

Though having shown much improvement from the early 1990s when it went through a tough recession, Japan's economy remains relatively sluggish compared with the high-growth years experienced from the 1960s through the 1980s.

Japanese companies have taken steps to restructure their operations in recent years, including slashing the number of new hires and eliminating overtime and some part-time work.

Women often bear the brunt of such efforts and new female university graduates have had a particularly hard time finding jobs in recent years.

DHL ad campaign in Bangladesh

International air express company DHL Worldwide Express has unveiled its new brand identity with the launch of a new multi-million dollar "Beat The World" advertising campaign in Bangladesh and throughout Southeast Asia, says a press release.

The campaign - led by a stunning television advertisement blending DHL's core values of teamwork, precision, efficiency, responsiveness and speed with a series of sporting images - positions DHL as the air express choice for companies who want to win in the arena of time-based competition.

The complete campaign also includes print advertisements, a new customer brochure, point-of-sale materials and a series of employee communications to build the Beat The World concept.

The campaign project took around nine months from initial concept to scheduled regional roll-out in a total of 30 Southeast Asian countries from May onwards. DHL's Singapore-based marketing team worked in four continents - Asia, Australia, Europe and Africa - to coordinate the television advertisement filming and campaign development.

contract, which is legally compulsory.

Foreign managers are supposed to ensure that staff comply with the national one-child policy by, for example, not giving female workers maternity leave for a second child. But, notes Schaub dryly, "as most foreign companies don't give maternity leave anyway, this doesn't change a lot."

As Beijing tries to set up a legal system to govern its market economy, Chinese organisations are not automatically on the side of the workers. Trade unions, which are compulsory in companies with foreign investment, often limit themselves to organising picnics and bowling evenings. In many cases, says Schaub, they are an efficient management tool, helping firms fire unwanted staff.

The problems facing company lawyers are often bizarre. The general manager of a Dutch transnational recalls what happened after the first Chinese chairman of their joint venture's board of directors was jailed for corruption.

"That can happen of course," he said. "But the second one was an army captain - a class who are not legal persons according to the law." (Military officers are even exempt from normal traffic rules. Police find it almost impossible to fine them because they do not carry identity cards and are protected by their uniform or official car).

"When it came to signing a loan, our chairman could not sign because legally he did not exist," said the manager, musing: "I wonder who would go into prison if our company got into legal problems?"

Exchange rate: \$1=8.3 yuan. Fons Tuinstra is a Dutch journalist who lives and works in Shanghai.

China, Russia sign deals on oil, gas, railroad

BEIJING, June 28: China and Russia signed a multibillion-dollar oil and natural gas deal Friday and an agreement easing railroad travel between the two countries, state television reported, says AP.

Signing of a package of agreements intended to increase trade was the high point of a visit by Russian Prime Minister Viktor Chernomyrdin, who arrived in China on Thursday. The report by the evening national news-cast did not give any details of the agreements.

Chinese and Russian officials have refused to release details of the oil and natural gas deal, part of a recent Chinese effort to guarantee energy supplies for its rapidly growing industrial demand.

Foreign news reports have said the agreement, valued at seven billion dollars to 10 billion dollars calls for China to invest in an oil pipeline to Siberia and to buy up to 20 billion cubic meters of Russian natural gas.

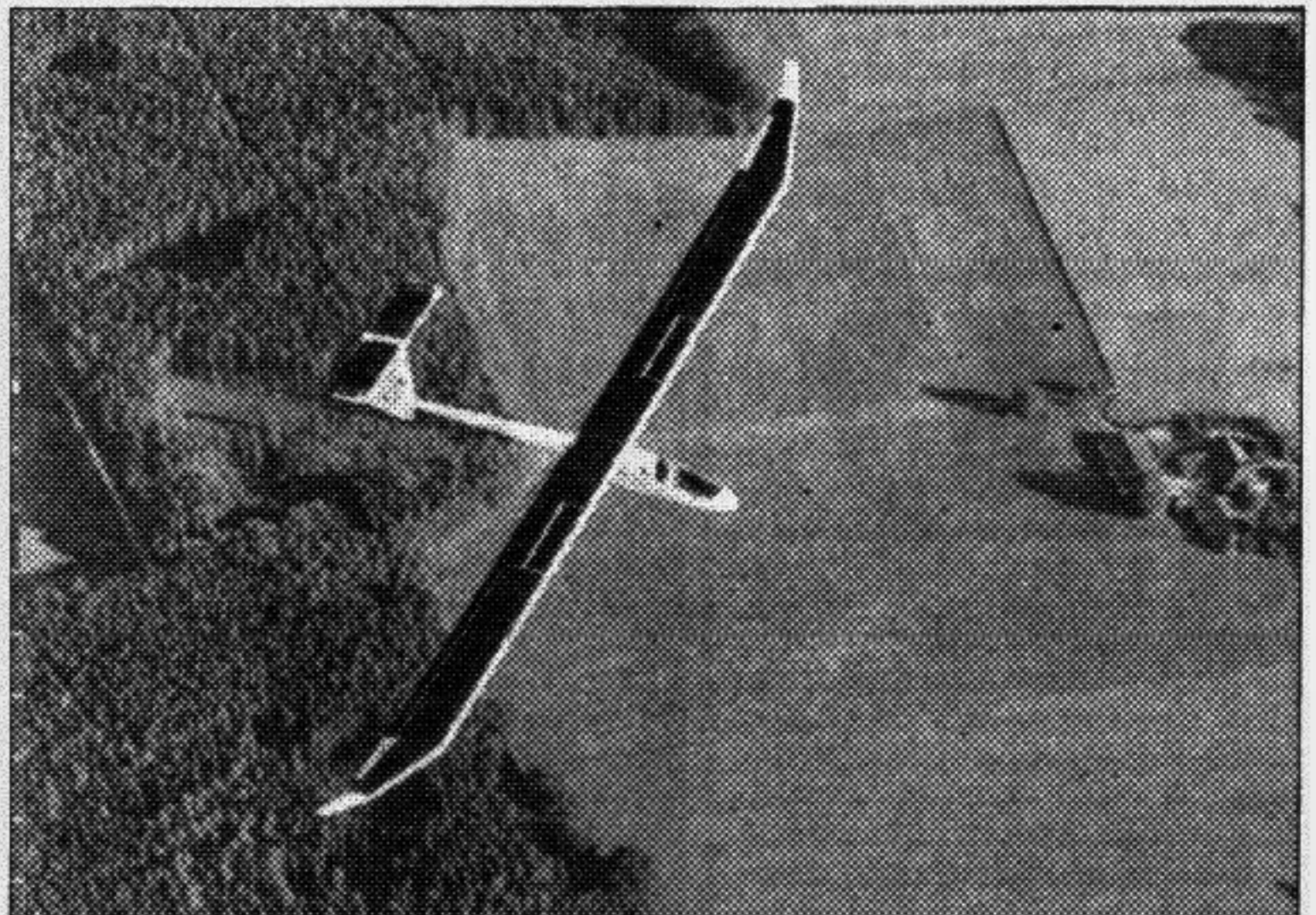
The deal came just weeks after China signed a 4.3 billion dollar agreement to buy 60 per cent of an oil company in the neighbouring central Asian republic of Kazakhstan and build a pipeline between the two countries.

China also has signed oil deals within the past month with Iraq and Venezuela.

Among other agreements signed Friday, China agreed to allow Russian trains onto its territory in an attempt to simplify and speed up shipping between the two countries.

Chinese Foreign Ministry spokesman Cui Tiankai said Thursday the agreements were intended to increase trade between the countries to 20 billion dollars a year by 2000, up from about seven billion dollars last year.

China and Russia also settled on the terms to allow Russia to keep its consulate in Hong Kong open after the British colony reverts to Chinese rule next week.



Stuttgart University's solar-powered aeroplane 'ICARE2', unique for its all weather performance. - In Photo

'UN team to dissect global web of money laundering'

UNITED NATIONS, June 28: A UN team in Vienna will dissect the global web of money laundering as a prelude to new action against the profits of international organized crime, the new UN drug chief said Friday, reports AP.

Pino Arlacchi, recently appointed to head the UN Drug Control Programme, said he plans to bring together "the best brains in the field of money laundering" and transform their analyses into programmes, recommendations and suggestions to the international community.

One of Italy's leading experts on the Sicilian Mafia, Arlacchi told a UN news conference that the globalisation of organized crime requires an "integrated" response by those who fight it.

The idea 15 years ago was that the Sicilians Mafia was invincible," he said. "Fifteen years later nobody will say the Mafia is invincible."

A successful fight against drugs, he said, requires vigorous repression of traffickers coupled with treatment - not jail - for users.

"People should be first of all, helped to stop taking drugs - it is not useful to pursue a strategy of wild criminalisation, making harsher and harsher penalties on the weakest point of the drug chain," he said.

Arlacchi, who will also head the UN's office in Vienna, said he will work to raise more funds for crop substitution programmes that give peasants an incentive to stop growing drug precursors such as coca leaf and poppy.

The international flow of narcotics has remained steady over the years despite billions of dollars spent on military campaigns to eradicate it.

But Arlacchi, noting the educed drug demand among certain sectors of the US population, said the "history of the fight against narcotics is not just a history of defeat."

Arlacchi said recent events in Albania illustrate the importance of setting up a team to study corruption and money laundering.

Violence has been rampant in Albania since shady investment schemes collapsed in January, costing many Albanians their life savings. More

than 1,000 people have been killed since then.

The Albanian situation is telling us that if we had this instrument four years ago or five years ago, probably we could have prevented the eruption of this crisis which would have saved a lot of lives and also a lot of money," Arlacchi said.

Share prices up in Bombay

BOMBAY, June 28: Share prices closed 0.4 per cent higher on the Bombay Stock Exchange (BSE) yesterday as foreign investors bought up second-line stocks, dealers said, reports AP.

The 30-share BSE index closed up 16.68 points to 4,133.24 points.

One dealer with a foreign brokerage said foreign institutional investors were active buyers in Mahanagar Telephone Nigam Ltd Hindustan Lever, Pond's India, Lame, Gujarat Ambuja, Madras Cements and India Cements.

A dealer said investors continue to avoid large commitments due to political uncertainties.

"Prime Minister Inder Kumar Gujral's apparent inability to rein in his Janata Dal Party President Laloo Prasad Yadav is raising concerns over his ability to call the political shots," the dealer said.

Yadav has been charged by the Central Bureau of Investigation of siphoning off money from a state-run fund meant to buy fodder.

"Moreover, reports that the Congress Party will oppose the long-awaited petrol hike is indicative of the worrying fact that even forces supporting the coalition government may choose opportunism over economic necessity for short-term gain," he added.

State Bank of India closed unchanged at 342 rupees, Reliance Industries closed down 12.75 to 365 and Hindustan Lever was up 13.50 to 1,384.25.

ITC was up 11.75 to 524.50, Tata Engineering was down eight to 439.50, while Tata Steel was down 3.25 to 182.50 on profit-taking by traders, dealers said.

Iran sells \$4b of oil in 3 months

TEHRAN, June 28: Iran sold four billion dollars of oil at an average price of 17 dollars a barrel during the first three months of the Iranian fiscal year, from March to May, Oil Minister Gholamreza Aghazadeh said yesterday, reports AP.

Aghazadeh was speaking from Vienna, where he was attending an OPEC conference, and his comments were carried by the official news agency IRNA.

Iran originally forecast an oil revenue of 18 billion dollars for the year beginning March 1997 on the basis of a price 17.5 dollars a barrel.

But if sales continue at the rate of the first three months, earnings will fall short by two billion dollars.

Iran produces around 3.6 million barrels of oil per day (BPD) of which 2.5 million barrels are exported. Oil is the country's chief source of foreign exchange and oil receipts account for 41 per cent of government income.

Aghazadeh said in March he was confident Iran would meet its targets despite US economic sanctions.

"We will not experience any problems selling our crude exports on the world market," he said.

The United States, which accuses Tehran of international terrorism, imposed sanctions in June 1995 and tightened them further last August with the so-called "amato law" threatening to punish non-US firms investing more than 40 million dollars in Iran's energy sector.

Iranian oil experts have voiced doubt as to whether the country will meet its oil targets this year.

In January, Mohssen Yahyavi, a board member of the National Iranian Oil Company and a former deputy oil minister, described the government's budget forecasts for its oil revenue as "unrealistic."

He said the forecast price of 17.5 dollars a barrel was too high and warned that production may fall because of "poorly-maintained" oil wells.

US Senate team to probe Clinton's trade links in Indonesia

JAKARTA, June 28: Staff members of the US Senate Governmental Affairs Committee are arriving this week to check into links between Presidential Clinton and wealthy Indonesian businessmen, a US Embassy spokesman said Tuesday, reports AP.

The team also will go to Hong Kong, Macau and Taiwan in its investigation into foreign donations to Clinton's 1996 re-election campaign.

Because of the "sensitive" nature of the trip, no additional information could be provided, the embassy officials said.

Legal experts say the Senate staffers have no jurisdiction in Indonesia and may find it hard to get anyone involved to talk to them.

Republican members of Congress allege that Clinton may have received illegal campaign contributions from Indonesia's Riady family and other executives in their huge Lippo Group.

A focus of the Washington investigation has been the close relationship between the Lippo Group and Chinese state-owned enterprises.

Filipino garment exports rise by 9 pc in 5 months

MANILA, June 28: Philippine garment exports rose nine per cent in the first five months of 1997 compared to a year earlier to 1.18 billion dollars, the government said Monday, reports AP.

The gain resulted from the strong performance of Philippine garments in both quota and non-quota countries, the Garments and Textile Export Board said.

Quota countries are developed nations which impose a certain limit on the volume of garments imported from developing countries like the Philippines. Non-quota countries have no such limitations.

Labour law headache for China

Fons Tuinstra writes from Shanghai

As China struggles to build a legal framework around its increasingly market-oriented economy, workers' rights are becoming a contentious issue. Gemini News Service looks at fertile ground for lawyers.

building because the emergency exists. A court found that the Hong Kong-based management had not complied with orders to improve fire-safety precautions. The chairman of the board and the general manager received two-year prison sentences. The fire-inspection team they bribed to let them postpone implementing safety measures got 17 years.

Schaub says senior managers could face jail even if personally unconnected with criminal acts committed within their enterprise.

A series of labour laws and regulations has been passed in recent years, the most notable of which is the 1995 Labour Law, highly praised by international experts.

Provinces, sometimes make their own interpretations of regulations or ignore them altogether, and the different approaches can affect labour costs.

Pension regulations, for example, vary widely. The amount employers have to pay into a pension fund ranges from 17 to 30 per cent of the total wages bill.

Schaub says payments are highest in Shanghai, at 30 per cent. "But I'm quite sure you can get away with less in those provinces where they are still eager to get foreign investors."

He dismisses as myth the suggestion that foreign firms tend to comply with the law while state-owned enterprises do whatever they want. "Ac-

China leads the charge. Foreign investment in China is expected to total \$30-40bn this year. The 1996 figure was \$48bn. China could be world's biggest economy by 2020, according to a new OECD study. In the same year, developing countries' share of world output may reach 60% (from 40% today). Industrialised economies will also grow, and it is projected that by 2020 their GDP per head will be double that of developing countries. OECD is the grouping of industrialised countries.

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