

Pyongyang's dilemma
Save face or
save lives

Canadian President of World Vision, Dave Toyen, has said "North Korea is facing a choice between saving face and saving lives", says a press release.

He said this while speaking at an international press conference at Kowloon in Hong Kong last week.

Toyen is part of a World Vision team delivering 10 metric tons of emergency aid airlifted to the country's capital Pyongyang.

The shipment, which included high energy biscuits, canned fish, dried apples, egg-yolk powder, vitamins and medical supplies, will benefit some 2,500 girls and boys in 12 provincial children centres scattered throughout North Korea.

Also participating in the press conference was Asia Pacific Regional Vice President Watt Santatiwat, who had been in North Korea the week prior to Toyen's visit. "The people of North Korea are very proud and it is very difficult for them to ask assistance from others," said Santatiwat. "They do not want to admit to the world that their people are starving, or to allow the media to take pictures of the people who are on the verge of dying."

Toyen said up to 80 per cent of the children he saw in a center outside of Pyongyang showed signs of malnutrition.

World Vision, an international Christian relief and development agency which work in more than 100 countries including Bangladesh, is currently focusing its relief response on helping the children of North Korea.

**Iraqi bid to
reopen 145
factories**

BAGHDAD, Aug 16: Iraq has appealed to the private sector to take over 145 factories linked to construction and public works which were forced to close under the weight of UN sanctions, a newspaper reported yesterday, says AFP.

The appeal was made during a conference organised by the Housing and Construction Ministry to find ways to revive the construction industry, the official daily Ath-Thawra said.

The Minister, Maan Abdallah Sarsam, invited private entrepreneurs to visit the sites, which include quarries, cement and concrete works, and come up with proposals.

He did not say whether Iraq was planning to sell or let the sites.

The Iraqi population needs two million new homes, according to ministry figures.

Iraqi industry expanded rapidly after the oil boom of the 1970s but much of it has been paralysed by UN economic sanctions imposed after its 1990 invasion of Kuwait.

**\$1b Daewoo
investment
likely in
Vietnam**

HANOI, Aug 16: South Korean chaebol Daewoo Corp. is considering investing in a one-billion-dollar integrated aluminum casting project in Vietnam's central highlands, a company representative said yesterday, reports AFP.

Daewoo had signed a letter of intent with state-owned Vietnam Minerals Corp to conduct a survey of two bauxite reserves in Daklak, she said.

While Vietnam is extremely rich in bauxite with estimated reserves of 6.5 billion tonnes reportedly accounting for more than 16 per cent of the world's supply, the mineral is located in a remote mountainous area.

Daewoo must contemplate an ambitious plan that would incorporate a new power plant and upgrading transport links from the mountainous area some 200 kilometres (125 miles) from Ho Chi Minh City.

"This must be an integrated project and the huge amount of investment could include hydro-power, which is necessary to make the aluminum competitive," she said, adding that Daewoo might need to bring in another foreign partner.

The representative stressed, however, that the project was still in the early stages.

"We haven't started the feasibility study and so much depends on the results of surveying," she said.

Daewoo is already Vietnam's largest foreign investor with 20 projects licenced worth more than one billion dollars. The conglomerate's activities range from hotels, to electronics manufacturing to auto assembly.

**Brazilian int'l
reserves reach
record figure**

RIO DE JANEIRO, Aug 16: Brazilian international reserves reached on August 13 the record figure of 63 billion US dollars, announced Francisco Lopes, Economic and Monetary Policy Director of the central bank, reports Xinhua.

The reserve of international currency increased by 2.7 billion dollars over the amount registered on July 31, said Lopes, quoted yesterday by the press.

"We are winning, not losing reserves," said the official.

International reserves guarantee financial tranquility as the country registered an unprecedented trade deficit of 5.7 billion dollars during the first seven months of 1997.

Gujral gets tough for Indian industry



I K Gujral

NEW DELHI, Aug 16: Prime Minister Inder Kumar Gujral and his finance minister Saturday admisisoned Indian industry for asking for too many favours and being party to the spread of corruption in the country, reports AP.

Gujral said Indian business would have to compete with foreigners.

"You will not be protected," he said.

Government controls on industry eased considerably when India opened its socialist-type economy to foreign investment in 1991. Though Indian industrialists welcomed many reforms, they have complained that they face unfair competition from multinationals and need special concessions.

"We are in the seventh year of reforms. The irrational apprehensions which we had in the first few years of reform

shouldn't continue to frighten us," Finance Minister Palaniappan Chidambaram said.

Gujral and Chidambaram were speaking to some of India's most prominent industrialists at a conference marking the 50th anniversary of the country's independence from British rule on corruption.

Gujral also told industrialists they had to share the blame for rising corruption in the country.

"Not only the taker, even the giver is part of corruption. We know you do give money," he said.

Gujral had made similar comments in a state of the nation address on independence day Friday, when he called on ordinary Indians to refuse to give bribes, even if it meant hardships.

There is widespread resentment among Indians about cor-

ruption in politics and government and people are frustrated at having to pay bribes for every small amenity including telephone and water connections. In his comments Friday and Saturday, Gujral called on his countrymen to take part in the war on corruption.

Several top Indian politicians, including a former prime minister, are facing corruption charges in courts.

Foreign investors often say they have to bribe politicians and bureaucrats to get licences to start industries.

"Liberalisation and corruption cannot sleep on the same bed," Gujral said.

Corruption has been a major factor in the slow rate of growth which for more than three decades stood at 3.5 per cent, Gujral said. It is estimated 85 per cent of money allocated to development is stolen, he said.

The prime minister told businessmen to expose corrupt officials and promised to support and protect them in the campaign. He said he would set up a special reform programme and to eradicating poverty.

In an oblique reference to Communist partners in his governing coalition, Finance Minister Chidambaram said there were sharp differences within the government whether growth led by industry would benefit the country and eradicate poverty.

"It will be difficult to move forward with reforms if these people are not convinced," Chidambaram said.

Only last week, Chidambaram was forced to withdraw a bill that would open insurance to private capital after the government failed to garner support of their communist partners in parliament.

India, Egypt, S Arabia top buyers' list

Arms business brings big money for US

WASHINGTON, Aug 16: The United States emerged as top international arms salesman in 1996, with orders to developing countries making up 7.3 billion dollars of its 11.3 billion dollars intake, a government report shows, reports AP.

Cashing in at a distant second was Britain with 4.8 billion US dollars in total international arms sales, followed by Russia with 4.6 billion dollars, according to a report released this week by the US Congressional Research Service.

The CRS is an independent research arm of Congress that annually compiles such statistics.

"This report shows who the major arms sellers are and who the key players are in the inter-

national market," said Richard Grimmett, a CRS defence specialist who authored the report.

The report found overall global arms sales totaled 31.8 billion dollars in 1996, with sales to developing countries making up 19.3 billion dollars of those receipts.

Between 1989 and 1996, the United States has outpaced its competitors in sales to developing countries in new contracts — a number adjusted to constant 1996 dollars.

By contrast, Russia saw 49.6 billion dollars in new contracts during that eight-year span, France had 30.5 billion, Britain reported 10.5 billion dollars and China posted 7.6 billion dollars.

China's focus on reforming state businesses

For HK stock market, it offers both risks and rewards

cess.

HONG KONG, Aug 16: The Chinese government's increased emphasis on state enterprise reform offers risks and rewards for the Hong Kong stock market, analysts say, reports AFP.

Beijing's apparent intent to use the state enterprise reform by sourcing funds through Hong Kong market is also positive for both sentiment and fundamental factors in Hong Kong, they said.

Jiang said the influx of mainland funds into the local market was likely to increase as long as Hong Kong remained intent on quelling the use of property as an investment vehicle.

Mark Coggins, director of Anva SC Securities, said the reforms would be "very positive, with the provision that the right kind of companies go to

the (Hong Kong) market."

"It broadens the market.... gives a greater China play," he said Jiang.

Coggins noted the recent spate of international debt issues by Hong Kong firms for China investment. "Hong Kong companies will finance local ventures, then invest in the project."

Gloria Lu, analyst at Wi Carr Securities, said "the idea is that within a large (merged) group there is a single arm that is listed."

The whole group will use that arm as (a) window for equity funding. This is going to be the trend," she said.

However, risk is also likely to stem from the more speculative nature of the market caused by the large number of deals taking place and the poorer

corporate governance regime generally observed by mainland companies, analysts said.

A research director at a US investment bank maintained that the Hong Kong stock market's turnover would fall back over a year or two, as it did in 1987 and 1993.

Hong Kong is a speculative market. Restructuring has always been a feature of the market."

Securities and Futures Commission Chairman Anthony Neoh has voiced concern the Hong Kong stock market could be seen as the Wild West of the East's by International Investors.

The more insidious effect is that, as investment horizons grow shorter, firms with longer term plans find it difficult to raise capital," Neoh said.

London stock market crumbles

LONDON, Aug 16: The London stock market crumbled this past week in the face of a sharp slide in New York, despite some positive domestic developments particularly on the monetary front, reports AFP.

The Footsie 100 index of the top one hundred shares fell sharply beneath the 5,000 mark for the first time since August 6, to close the week down 165.5 points, or 3.3 per cent, at 4,865.8 points.

On Friday alone, share prices plunged by 2.5 per cent.

But London investors were able to draw satisfaction from two factors which helped limit the fall-out from Wall Street: the fall in the value of the pound, which as comes as a relief to Britain's hard-pressed exporters, and the prospect of a halt to the recent series of interest rate rises.

The Bank of England on Wednesday published its quarterly inflation report, the first since taking over the monetary reins in May.

The central bank confirmed what it had hinted the previous week: that it could take a pause in its tough monetary policy as the government's inflation target was likely to be met in two years' time, the most relevant time frame.

In the near-term, the British economy is still growing very strongly, with a large drop in unemployment in July to 5.5 per cent of the active population and an inflation rate which is moving away from the government target.

There was little corporate news in Britain during the week.

The price of shares in advertising group Wpp, which reported a 15 per cent rise in half-year pre-tax profits, gained two pence to 437 pence.

BSKYB, the satellite and cable broadcaster controlled by US-Australian media magnate Rupert Murdoch, announced its annual results. Profit growth slowed down and the launch of digital services next year has created uncertainties. Shares in the company fell 36 pence to 437 pence.

Oil imports were up 6.4 per cent to 825,620 BPD, but imports of refined products were down 62.7 per cent to account for only 72,660 BPD of the total.

Anwar explained that he personally studied the data and found out that large items like ships and aircraft brought into the country by foreign investors, the state agency said in a statement.

He said they refused to understand the figures and were quick to say that the country's economy was not performing well. That, he said, gave the impression to foreign investors that Malaysia's fundamental growth was threatened.

Malaysia recorded a trade deficit of 2.8 billion ringgit (1.1 billion dollars) in June due to imports rising 23.7 per cent from the same period last year, to 19.3 billion ringgit (7.6 billion dollars).

Speaking at the opening of the 3rd Malaysia Capital Growth Opportunities Exposition, organised by the Kuala Lumpur Stock Exchange, An-

war said the current deficit position is only temporary. The import of capital goods is necessary to avoid continuing trade deficits in the future, he said.

While expressing his concern over the loss of confidence in the region by foreign fund managers, Anwar accused foreign analysts of distorting and misinterpreting statistical figures, especially the trade deficit data for June.

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abandon a 12 per cent trading band for the dollar-rupiah rate.

"By taking market forces into account, the government has taken some measures to soften the onslaught against our rupiah," Suharto said.

Fluctuation in exchange rate is of a temporary nature and, with appropriate policy and the calmness of domestic players, the exchange rate will find a new equilibrium in line with prevailing economic fundamentals.

However, he called for greater prudence in overseas borrowing by business and government.

More than 20 per cent of the rupiah's value has been lost in recent weeks.

Analysts say the problems facing Indonesia are similar to those in neighboring economies.

The Philippines widened the peso's trading band and Thailand removed some controls on the value of the baht in response to currency speculation.

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