

Pakistan hopeful of early loan negotiations with IMF

ISLAMABAD, July 23: Pakistan said yesterday that Washington's decision not to block IMF lending to Islamabad would greatly enhance prospects of early negotiations with the fund for credit, reports Reuters. The likelihood that IMF will proceed with negotiations with Pakistan has been greatly enhanced, Planning Commission Deputy Chairman Hafiz Pasha told reporters. He said a board meeting of the International Monetary Fund was scheduled on July 27 in Washington in which a decision would be taken whether or not to send a team to Pakistan for resumption of negotiations. "Now the IMF has to get approval (for negotiations) from the board." The United States said on Tuesday it would abstain when the IMF next debated loans for Pakistan, clearing the way for lending to resume. Pasha said the negotiations would focus on new financial projects based on the impact of sanctions on Pakistan. The previous projections worked out with the IMF before May 28 had changed after the sanctions, he added. A 26 million dollars June tranche of a 1.56 billion dollars credit to Pakistan for balance of payment support was delayed because of sanctions. Pasha said all discussions with the IMF would remain within the scope of the Enhanced Structural Adjustment Facility (ESAF) agreed with the fund last October. "But the assumptions of financing projections have changed," he added. Pakistan had previously accused the United States of blocking the credit as part of sanctions for Islamabad's May nuclear tests and said it might have to consider some kind of moratorium on 30 billion dollars of foreign debt if its access to foreign funds continued to be blocked. A Pakistan government statement said visiting US Assistant Secretary of State for South Asian Affairs Karl Inderfurth met Finance Minister Sartaj Aziz in Islamabad on Wednesday and discussed the economic situation of Pakistan. It said Inderfurth told Aziz the US would like to see "Pakistan achieve economic progress and prosperity," and had decided not to obstruct the resumption of negotiations by the IMF with Islamabad on the medium-term loan programme. Inderfurth is accompanying US Deputy Secretary of State Stroble Talbott who is in Islamabad for talks with Pakistani leaders as part of Washington's efforts to prod India and Pakistan to sign a global nuclear test ban treaty and ease tensions raised between them after their fit-for-tat nuclear tests.

House upholds Clinton's decision to maintain normal trade ties with China

WASHINGTON, July 23: Though complaining vigorously about China's human rights and weapons policies, the US House of Representatives once again went along with the president's policy of maintaining normal trade relations with the Beijing government, says AP. The House voted 264-166 Wednesday against a resolution to revoke President Clinton's decision last month to extend for another year the trade status that gives China the same low tariffs enjoyed by almost all other American trading partners. As in the past, opponents of normal trade cited China's human rights violations, its unfair trade practices and its proliferation of weapons. But this year they also came armed with allegations that Chinese officials tried to buy influence in US elections and used American satellite technology to improve their missiles. "The odor of money and influence-peddling is hanging over this debate," said Rep Gerald Solomon, a leader in the move to deny China its current low tariff rates. Supporters of the president's decision stressed that the United States can change China's disreputable policies only by staying engaged and using trade as a tool to promote reform. China has 23 per cent of the world's population, Rep Robert Matsui pointed out. "We can't ignore this simple reality, and we cannot and should not isolate China." In announcing his decision, Clinton said trade "is a force for change in China, exposing China to our ideas and our ideals." Under a 1974 law, the president must seek an annual waiver to extend normal trade status to totalitarian states. Since 1980 every president,

both Republican and Democrat, has extended that status to China. Since China's military cracked down on the democracy movement in 1989, Congress has challenged the decision every year, always failing to revoke it. Normal trade status gives a country an average tariff rate of about 4 per cent, compared to at least 50 per cent without that privilege. Only six countries - Afghanistan, Laos, Cuba, Serbia, North Korea and Vietnam - are denied normal trade status. In an effort to reflect that reality, Congress this year voted to change the name from "most-favoured-nation" trade status to "normal trade relations." The change was attached to an IRS reform bill that Clinton signed Wednesday. "A rose is a rose, and in this case it's a thorn," said Rep Nancy Pelosi, a vocal critic of the administration's China policy. She noted that the US trade deficit with China has gone from 3.5 billion dollars a decade ago to an estimated 63 billion dollars this year, and "a country that large, an economy that large, that does not play by the rules is a danger to our own economy." China, said Rep Dana Rohrabacher, R-Calif., is "the worst human rights abuser on the planet and a dangerous potential enemy for the United States." But the enthusiasm of Congress for economic sanctions has cooled somewhat recently, as business leaders are telling lawmakers that they are losing out to European and Japanese rivals and farmers battered by low prices are saying they are losing crucial markets.

CIA report says China continues technology exports to Iran

WASHINGTON, July 23: China continues to export technology to Iran that could be used in Iran's missile programme and possible for developing chemical and biological weapons, according to a CIA report to Congress, reports AP. The technology generally is in the dual-use category, potentially having both civilian and military applications, which makes China's intentions hard to analyse. However, the report credits China with keeping its promises to the United States not to send cruise missiles to Iran, not to engage in new Iranian nuclear projects and not to help Iran reprocess uranium, a key ingredient of nuclear weapons, according to a senior congressional aide. The CIA report said it is naive to believe China will stop exporting dual-use technology to other countries. But the agency registered hope that the United States could persuade Beijing to do a better job curbing such exports as well as exports of technology useful in chemical and biological weapons programmes.



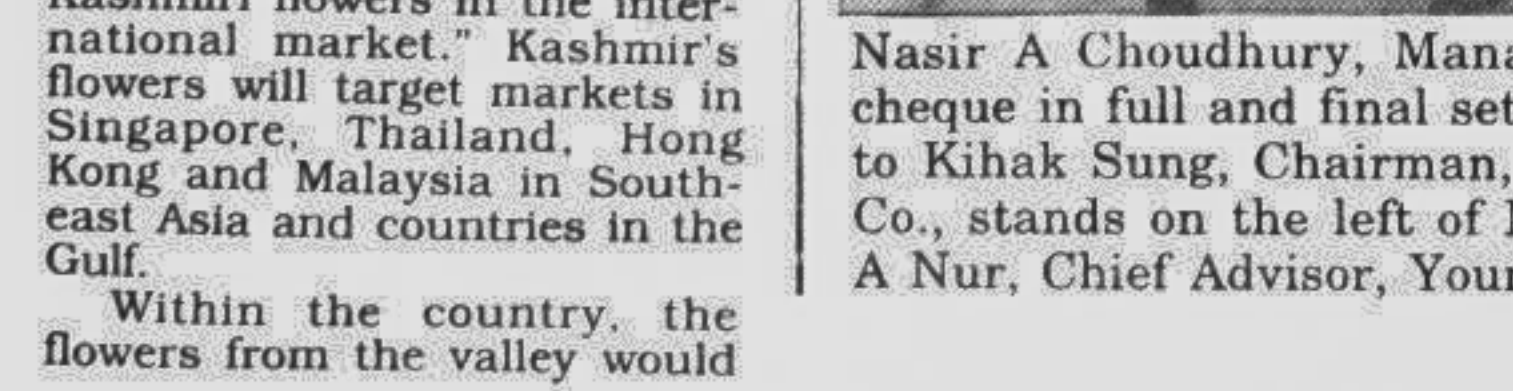
Beijing hails move

Meanwhile an AFP report from Beijing says, China today welcomed the vote by the US Congress lower house in favour of extending the normal trading status, formerly known as Most Favoured Nation (MFN) for another year. "The approval is a wise decision and will be conducive to the advancement of China-US trade relations," trade ministry spokesman Hu Zhaoqing told the official Xinhua news agency. A motion to shut down the extension by President Bill Clinton was defeated by a House of Representatives vote of 264 to 166 after fierce debate. Both Senate and House support would have been required to block the White House move. The US officially renamed MFN status earlier Wednesday as "Normal Trade Relations (NTR)" status. It confers standard low tariffs enjoyed by friendly US trading partners. Members of Congress have perennially made use of the vote to rally criticism of China's human rights record, lack of religious freedoms and rule over Tibet without ever successfully revoking it.

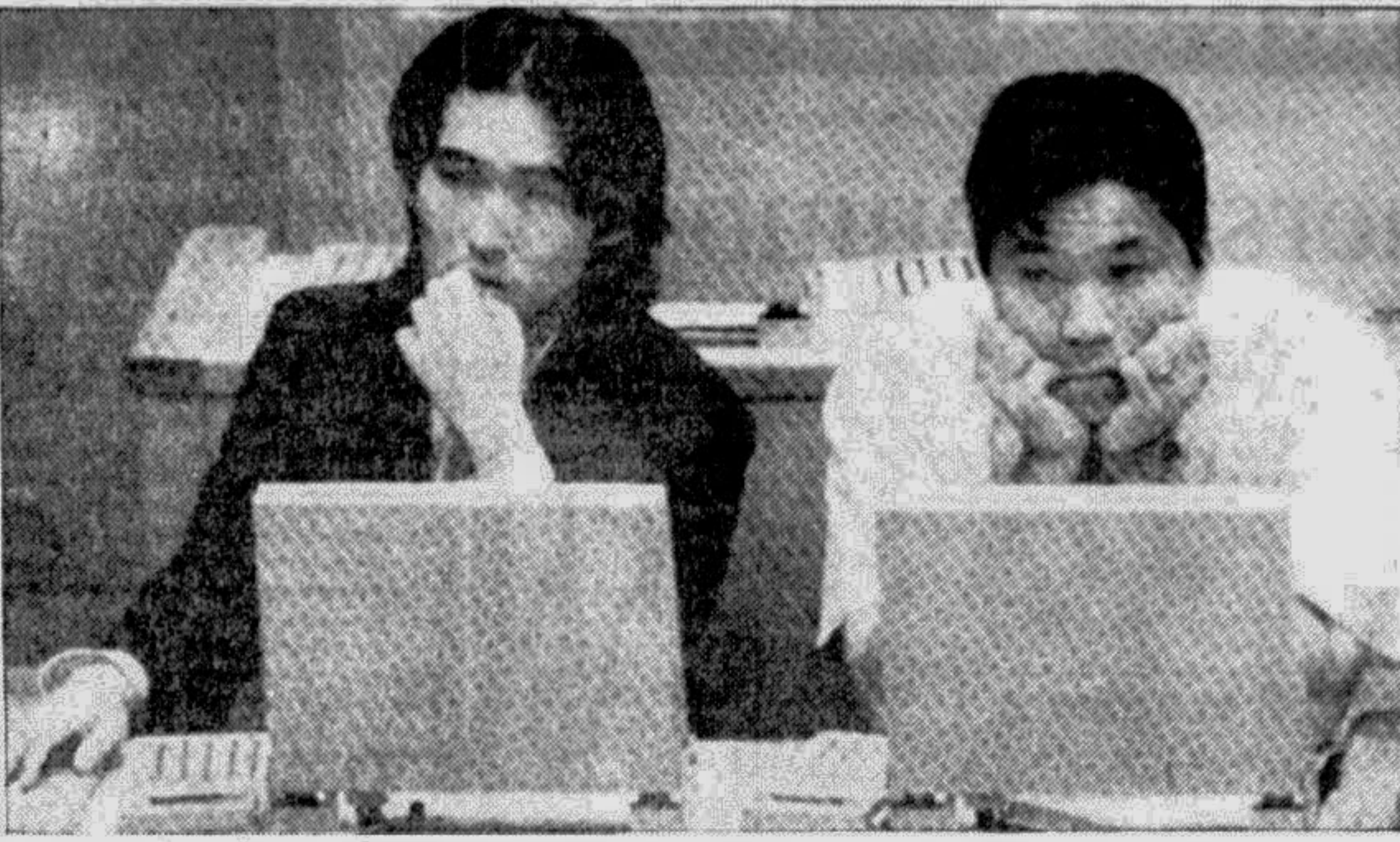
FAO help for Kashmiri blooms to capture foreign markets

SRINAGAR, July 23: Kashmiri flowers could soon find themselves competing with European blooms in the international market. The Kashmir Valley is famous for producing high quality flowers such as tulips, lilies, carnations, gladioli and daffodils. Now with the possibility of a Food and Agriculture Organisation (FAO)-sponsored project being set up here, these flowers could find themselves in South-east Asia and the Gulf countries, officials hope. An FAO team concluded its two-day tour of Kashmir with a promise that the organisation will set up a project in the valley. "In fact the project has already started," W.O. Baudoin, senior official of the horticulture group of the plant production and protection division of FAO, said after a meeting with senior Jammu and Kashmir government officials here. Baudoin told IANS: "Kashmir's climate is ideal for the development of high quality flowers. Its high altitude, moderate temperature and light offer ideal conditions for the development of flowers." The FAO team had come in response to repeated requests by the state government. "We are optimistic that the FAO-sponsored project would bring good fortune and publicity for Kashmir," said I.S. Malhi, the state's financial commissioner looking after agriculture. Underlining the importance of the project, Malhi said: "It would generate employment for the local youth and expose Kashmiri flowers in the international market." Kashmir's flowers will target markets in Singapore, Thailand, Hong Kong and Malaysia in South-east Asia and countries in the Gulf. Within the country, the flowers from the valley would

target the growing market in Delhi. "Our objective is to compete where our flowers can easily resist pressure. From the European countries," Malhi said, adding "it would not be wise to compete with Holland in the European markets." Tito Schiva, Rome-based head of FAO's Department of Genetic Improvement, felt flowers from the valley would have a special significance in the international market as "Kashmir is special." FAO, which was to set up the project in the late eighties, could not do so because of the outbreak of the secessionist movement then. The violent nine years that followed scared foreigners and the project went into cold storage. But the improving conditions in Kashmir following state elections in late 1996 and continuous efforts by the government to renew foreigners' interest in the economic potential of the valley has revived hopes as far as the FAO project is concerned. Once this project reaches take-off stage, it will have vast employment potential. "It is a high value and low investment product," Malhi said. "We hope to involve the private sector to promote floriculture in Kashmir and that in itself would be rewarding." - India Abroad News Service



Nasir Choudhury, Managing Director, Green Delta Insurance Co Ltd, handing over a cheque in full and final settlement of a fire claim at Youngone HI-Tech factory, EPZ, Savar to Kihak Sung, Chairman, Youngone Group. G Faruk Ahmed, Director, Peoples Insurance Co., stands on the left of Nasir Choudhury. A R Bhuiya, Addl Md, Green Delta, and A S A Nur, Chief Advisor, Youngone Group are also seen (2nd and 3rd) on right of Sung.



Stock traders observe the price movements on Tokyo Stock Exchange Thursday morning as share prices opened lower on declines in the yen and an overnight fall on Wall Street. But the market turned mixed by midday in quiet trading. Many investors held back to await the outcome of Friday's ruling Liberal Democratic Party presidential election.

PAL to go ahead with flights despite strike

MANILA, July 23: Philippine Airlines Inc. said Thursday it plans to fly all of its scheduled flights despite a strike by its ground personnel, reports AP. PAL said about 85 per cent of its 9,000 remaining employees reported for work Wednesday after the ground crew union launched its strike. All 19 domestic and six international flights eventually took off, although some after substantial delays, it said. President Joseph Estrada met with union leaders for about six hours Wednesday night while other senior officials talked with airline executives to try to forge a compromise. The striking ground personnel are demanding the reinstatement of 5,000 workers who were laid off by the airline under a massive retrenchment programme triggered by a 22-day pilots' strike last month. Avelino Zapanta, senior vice president of the airline, said a dialog with the union is continuing. Management has drafted a proposal to settle the problem and it's now in the hands of the union, he said. The proposal includes an indefinite suspension of the layoffs, he said. Union president Alex Barrientos, who threatened Wednesday to "shut down the airline, was considerably more conciliatory Thursday. Estrada said he told the union leaders the strike "was hurting the entire economy, with hotel occupancy dropping below 15 per cent in the central resort city of Cebu." "I told them that if it is possible, we should solve this problem in the soonest time," he said. The strike came as foreign ministers from the Association of Southeast Asian nations started arriving in Manila for annual meetings. They will be joined Monday by Cabinet officials from 10 other countries, including the United States, Japan, China and Europe. PAL has branded the ground crew strike illegal because it was prohibited by labour authorities who assumed jurisdiction over the dispute on July 10, five days after the start of the pilots' strike. The pilots' walkout was a devastating blow to the already deteriorating financial condition of the 57-year-old airline, Asia's oldest.

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Shipping Intelligence

Table with columns: Berth No., Name of vessels, Cargo, L. Port, Local agent, Date of arrival, Date of leaving. Sub-headers: CHITTAGONG PORT, Berth position and performance of vessels as on 23.7.98, Vessels due at outer anchorage.

NBL's half-yearly conference held

The half-yearly conference of the executives and managers on National Bank Ltd was held at a city hotel yesterday. Inaugurating the conference, the chairman of the Bank Abdul Awal Mintoo, expressed satisfaction over the success achieved by the Bank during the last six months. He recalled NBL's contribution towards the growth of national economy for a decade. The Managing Director of the bank Md Sarwaruzaman Khan said NBL is the highest profit earning bank of the private sector, says a press release. M Nurul Islam, Director of the Bank, also spoke on the occasion.

Jakarta lawmakers oppose proposed air fare hikes

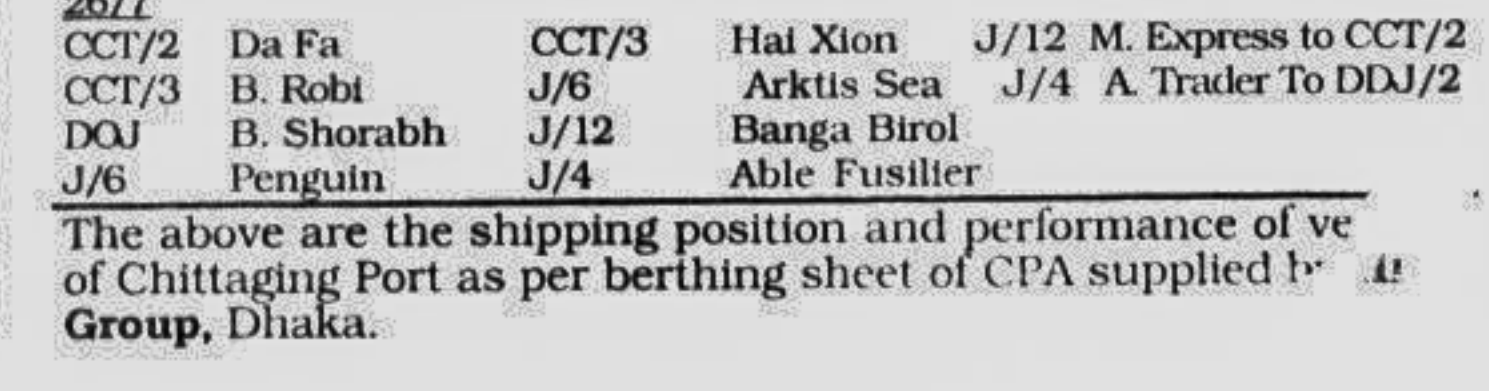
JAKARTA, July 23: Concerned legislators have objected to a plan by Indonesia's cash-strapped airlines to increase domestic fares because of the crash in the value of the rupiah, the Indonesian National Air Carriers' Association said Thursday, reports AP. Association chairman Sutarto Hadisumarto said the proposed increases of between 35 and 47 per cent were discussed by the House of Representatives on Wednesday. Under Indonesian law, the Parliament must approve any fare hike. "The House said the increase would burden many sectors of the society and that the exchange rate we used to calculate the increase was too high," said Hadisumarto. The House subsequently decided to set up a team of legislators and bureaucrats to study the airlines' cost calculations, he said. "We will have to show the team the prices of the aircraft, engines, spare parts and so on," Hadisumarto said. Certain legislators said the proposed fare increase would particularly hurt the poor, who are already suffering under the economic crisis in 30 years.

Kuwait stocks rise 11 points

KUWAIT CITY, July 23: Kuwait stocks rose 11.3 points to close on yesterday at 2,154.8, in anticipation of parliamentary approval on Saturday of amendments to a multi-billion dollar debt settlement plan, reports AFP. Traders and analysts said that they are confident that should the amendments be passed, the bourse will continue its revival after suffering mounting losses over the past few weeks during which it dipped to an 18-month low of 1,996.8. The bad debt law amendments were referred Wednesday back to the finance and economic committee on a technicality, in order to be included on Saturday's parliamentary agenda. Gerard Snabian, Vice President of Al-Shall Economic Consultants, said that the proposals for amendments are moving the market positively. "The KSE is looking for any positive news to bolster it after a poor run. The fact that the cabinet approved the bad debt law amendments was enough to see increases on the bourse," he said. "However, it is more of a psychological thing for investors... just to see that the government is allowing some room for changes shows some confidence in Kuwait's economy and bodes well for companies in the long term." Snabian reiterated that the KSE remained very attractive. "The price ratios of the big companies are extremely good. In a real buyer's market, I am confident that the market will pick up sufficiently by the end of 1998 to see no company losses in double digits." Another analyst said, however, that uncertainty would remain in the market until a vote had actually been taken on the amendments. "We will not be happy until then," he said. "If the right vote is taken - a yes - then it will reactivate the economy and hopefully be a springboard for the market." The finance and economic committee decided on Monday to combine the fourth and fifth instalments of the so-called bad debt plan and redistribute them over three equal repayments.

France to cut VAT on power, gas

PARIS, July 23: France will cut VAT (Value Added Tax or sales tax) on electricity and gas bills to 5.5 per cent from 20.6 in its 1999 budget, Economy Minister Dominique Strauss-Kahn said today, reports AFP. Small businesses would also be exempted from VAT altogether in an effort to encourage their development. The cut in VAT on energy bills will lower the country's tax bill by some four billion franc (660 million dollars), or an average saving of 130 francs per subscriber, Strauss-Kahn said after a cabinet meeting to approve the broad lines of the 1999 budget.



BMW profit increases. MUNICH, Germany, July 23: German automaker BMW said on Thursday its net profit rose to 511 million marks (285 million dollars) in the first six months from 435 million marks (243 million dollars) in the same period last year, says AP. BMW said it expects production, sales and earnings for the full year to top those of 1997, even though the strength of the pound is a "serious burden" for sales of its British unit, Rover. BMW, or Bayerische Motoren Werke AG, said sales rose to 31 billion marks (17.3 billion dollars) in the first six months, up from 29.1 billion marks (16.3 billion dollars) a year earlier. Deliveries of BMW, Rover, Land Rover, Mini and MG brand vehicles remained unchanged at about 600,000, though auto production rose one per cent in the January-June period.