BEIJING, July 24: As China increases spending on public works to stimulate a sagging economy, scholars have warned the government that wasteful projects could undermine future growth, reports AP.

In a research report submitted to the State Council, China's Cabinet, the group of engineers and planners cited the waste from previous spending sprees, the official China Daily re-

ported Friday. Nine large ports dot a 300kilometer (180-mile) stretch of the Yangtze river, too many for available business, the newspaper said. The Changzhou harbor with a cargo capacity of 2.48 million tons handled just 60,000 tons of business last

vear In southern Guangdong province; five airports have been built with the farthest distance between them less than 250 kilometers (150 miles)

'Five airports within such a short distance is nothing but a waste of money." the newspaper quoted Chen Weibang, chief engineer of the Ministry of Construction, as saying. He added that Zhuhai's international airport is already losing 10.000 yuan (1,200 dollars) a day.

The blind investments and duplicated construction have obviously revealed a weak sense of overall planning," Chen was quoted as saying.

The criticisms come as Beijing injects more funds into building roads, bridges, power plants and other infrastructure projects to revive the economy. Growth rose seven per cent in the first half of the year, below the eight per cent target set by the government.

The threshold is seen as crucial for creating jobs for mil-lions of workers being laid off from state industries.

Vice Premier Li Lanqing called earlier this week for increased infrastructure spending. He previously said investment on infrastructure over the next three years could top 750 billion dollars.

Better ties with US help China boost trade'

BEIJING, July 24: Improving ties with the Unites States is helping China offset flagging trade and investment from Asia's financial turmoil, a senior Chinese trade official said Friday, reports AP.

Visits by Chinese President Jiang Zemin to Washington last fall and US president Bill Clinton to Beijing a few weeks ago "offered a very strong impetus ... to the realization of tangible results in economic and trade," said Hu Zhaoqing, a spokesman for the Ministry of Foreign Trade and Economic Coopera-

During the first half of the year, Chinese exports to the United States rose 18.1 per cent compared with overall export growth of just 7.6 per cent.

Pledged investment by US businesses for the first six months jumped 81 per cent, while overall contracted investment rose 5.5 per cent to 24.2 billion dollar, Hu said.

Higher exports to the Unites States, Europe, Africa and Latin America helped China record a half-year trade surplus of 22.6 billion dollar, a sign its economy has so far withstood the deepening Asian financial cri sis. Hu said.

But the foreign trade ministry spokesman said the government faced "grave challenges and severe difficulties" boosting trade in the face of weaker regional currencies and negative growth rates. The 7.6 per cent growth in exports for the first six months paled next to the 21 per cent rate for all last year.

Japan's weakening yen and economic torpor have sliced into China's exports and caused Japanese companies to scale back investments, Hu said.

Despite warmer political ties. US officials have criticised Beijing for reaping a nearly 50 billion dollars trade surplus last year. US insistence that China do more to open its domestic markets has held up Beijing's entry to the World Trade Organisation.

British Telecom buys stake in Malaysian co

KUALA LUMPUR, July 24: British Telecommunications has acquired a 33 per cent stake in Malaysia's leading private telecommunications company according to news reports Friday, reports AP.

Financial executives close to the transaction told Dow Jones Newswires that the acquisition into Binariang for about 1.7 billion ringgit (425,000 dollars) was finalised late Thursday. An announcement was expected

later Friday. The deal is part of a larger plan by Binariang to raise roughly 4 billion ringgit (1 billion dollars) through links with overseas groups and debt securi-

ties, executives said. Eighty per cent of the Malaysian telecommunications company is currently controlled by Malaysian groups. The remainder is held by US West International, a unit of the

Denver-based telephone holding company US West Inc. Apart from British Telecommunications, Binari ang has been linked to other companies recently, among them Singapore Telecommunications Ltd., NTT and Cable & Wireless PLC.

Scholars criticise China's spending on public works India hopes to mend ties with China at ASEAN meet

by Mahesh Uniyal

NEW DELHI, July 24: India expects to initiate talks with China at next week's ARF (ASEAN Regional Forum) meet to repair bilateral ties damaged by the May nuclear tests, senior officials said here Thursday.

The meeting would take place on the sidelines of the July 27 meeting of the ninemember ASEAN (Association of Southeast Asian Nations) and its 12 "dialogue partners" in Manila.

India and China are dialogue partners of the organisation. We are still awaiting confirmation of the meeting with China." the officials said disclosing that New Delhi had requested the meeting with Beijing.

Indian Prime Minister Atal Behari Vajpayee's special emissary Jaswant Singh is representing India at the ARF, the security forum of the Southeast Asian grouping. Singh is spearheading India's post-nuclear diplomatic damage-control and the expected meeting with Chinese Foreign Minister Tang Jiaxuan is seen as vital in making a beginning in removing the sharp New Delhi-Beijing misunderstandings following

Singh is also due to meet US Secretary of State Madeleine

Albright in Manila. Like the other dialogue partners — the United States, the European Union (EU), Australia, Canada, China, Japan, Russia, South Korea, New Zealand, Cambodia and Papua New Guinea — India has been invited for consultations on a range of economic, political and regional security issues with the ASEAN.

These will be taken up at the ARF and the subsequent meetings of the ASEAN foreign ministers with each dialogue partner. The Asian currency crisis and how the dialogue partners can help the Southeast Asia cope with this, would figure high on ASEAN's interaction with these countries.

India is expecting criticism from some of the ASEAN members and the dialogue partners of its nuclear tests and those of Pakistan. While "strong feel-

Youths gather in front of a comic book booth at Hong Kong Convention centre on the

opening day of the annual book fair on Wednesday which will continue until next Monday.

Shrestha is the chief orga-

nizer for a conference to be held

here in October which will

bring together experts from 40

renewable energy technology in

needed to develop such technol-

ogy for rural growth as 90 per

cent of its people still live in

over 4,000 villages scattered

ond country in Asia after India

to develop a hydro-electric

power project in 1911, but was

was aware of the problem and

was providing up to 50 per cent

subsidies for projects to develop

ways of tapping solar and bio-

energy could serve as important

energy resources for the country

and as alternative to fuelwood.

"Solar energy and bio-gas

But he added the government

now lagging behind the times.

He noted Nepal was the sec-

He said Nepal urgently

countries to look at the role of

Hong Kong youths are great enthusiasts of comic books.

tial," he said.

rural development.

across the Kingdom.

ings" have been expressed by some nations, officials claimed that ASEAN nations have "by and large shown understanding of our legitimate security con-

Indonesia, Singapore, Malaysia, Vietnam and Laos have taken a soft stand unlike Thailand and the Philippines, they disclosed. But the ASEAN is also appreciative of India's consistent support for the proposed Southeast Asian nuclearfree zone.

ments (regional nuclear weapon-free zones) if they are freely arrived at. For years we have been supporting this," they However, India-Pakistan tensions in the wake of the South Asian nuclear tests are not expected to figure in the dis-

"India has always said that

it will support such arrange-

officials said. A proposal by the Philippines to invite Pakistan to the

ARF meet has been shot down

cussions in Manila. "As of now

we have no indication that it is

listed as an agenda item," the

by the other ASEAN nations and the dialogue partners who pointed out that Pakistan was not eligible to attend as it did not have dialogue partner status. "Apart from our own strong objection, the chairman (Philippines) also found that this idea did not go down very well with other members," the

officials said.

India was told that even some non-ASEAN members pointed out to the Philippines that they did "not want to reward 'them' (Pakistan)," for retaliating to India's nuclear tests. India has also pointed out to ASEAN that the grouping was not so critical of nuclear tests n the past, specially those by France in the Pacific. However, the ASEAN has tried to justify this by pointing out that the French tests were conducted CTBT the before (Comprehensive Test Ban Treaty) came up for signature, an official told India Abroad News Service.

- India Abroad News Service

US, L Americans may ask WTO to help break banana deadlock with EU

GENEVA, July 24: US and Latin American banana producers said Thursday they may ask the World Trade Organiza tion to help break a deadlock with the European Union over its banana import preferences given to European colonies and ex-colonies, reports AP.

On Thursday, the European Union told the WTO that changes it is making to its policy will bring it into line with the world trade body's rules.

But the Unites States and Latin Americans argue that even with the changes, the regime will still favour traditional EU banana suppliers in Africa and the Caribbean.

They say they may request a WTO dispute settlement panel to be reconvened to determine whether the changes to the EU's policy allow it to comply.

A previous WTO dispute panel ruling judged the EU's policy to be out of line after the United States, Honduras, Panama, Mexico and Ecuador and Guatemala complained that European import rules discriminate against them via a complex system of tariffs, quotas and import licenses.

They claimed the EU regime was costing more efficient producers hundreds of millions of dollars in lost trade.

"We still consider the mea sures taken by the (EU) to be primarily cosmetic," said a statement from the United States, and others, read to a meeting of the WTO in Geneva.

A US trade official said that if the European Union doesn't satisfy their demands by January 1, 1999 — the time limit set for the EU by an arbitrator to bring the rules into line — they may take retaliatory trade

EU officials said they are prepared to defend the new

"If the United States and others want to attack that, they can and we are willing and ready to defend our position, Roderick Abbott, the EU's chief trade representative at the WTO.

Mazda shuts down one Thai plant

BANGKOK, July 24: In another blow to Thailand's battered economy, Japan's Mazda Motor Corp. and its Thai subsidiary shut down one of their assembly plants on Friday, citing slumping sales because of the country's economic crisis, reports AP.

About 550 of the company's 600 employees were laid off immediately with the remainder staying on for the next few months to participate in a phased shut down of the plant, the company said in a press re-

conjunction with Ford Motor Co of the United States and two Thai partners to produce Ford and Mazda pickup trucks.

The factory that closed Fri day had been operating since

"The closure is the result of

the sharp downturn in the Thai automotive market caused by the economic slump. The plant had been operating far below capacity since last year," the company said. Mazda explored various al-

ternatives to closing the plant. but none proved feasible, the company said.

A Ministry of Labour official said the company had agreed to pay laid off workers more than three months severance. The company said it will help employees with outplacement counseling.

its worst economic slump in modern times. The crisis began when the country floated its currency, the baht, in July 1997. Since then, it has received a 17.2 billion dollars bailout from the International Mone-I tary Fund.

UN recommends financial market regulatory body

UNITED NATIONS, July 24: A UN panel on Thursday recommended the creation of a new regulatory body to check financial markets and prevent another crisis such as the one that has wracked Asia for the past yen, reports AP.

The World Financial Organization would be similar to the World Trade Organisation but would concern itself with financial flows rather than trade, said Nurul Islam, chairman of the Committee for Development Planning.

The panel is comprised to independent experts who advise the Economic and Social Council, which coordinates the economic and social work of the United Nations. Islam briefed reporters on the panel's recommendation before bringing it before ECOSOC

The creation of a global financial market has not seen a parallel development in global regulatory practices or international safety nets," the report

"Specifically, an institution is needed to provide overall guidance in the development and monitoring of international standards and codes of conduct for financial management and capital flows.

The World Financial Organization could review, establish

and monitor international principals for accounting and payments, and supervision over banking, securities, insurance and financial conglomerates. Such oversight is currently handled by an hoc public and private groups with limited

membership, the report said. In addition to the new organisation, existing financial institutions such as the International Monetary Fund and the World Bank had to provide better warning mechanisms to prevent another Asian disaster, the report said.

Dubai's gold import falls sharply

DUBAI, July24: Dubai's gold imports fell sharply for the fifth consecutive month in June, sliding nearly 48 per cent due to new import rules in India, Dubai Customs said , reports AFP.

Gold imports for June fell from 46.13 tonnes last year to 24.16 tonnes this year, Dubai Custom's Statistical Department said.

It was the largest drop so far in a year when figures have fallen repeatedly since February. Overall, gold imports fell 20 per cent in the first six months of this year compared with the same period last year.

Overseas, migrant workers under gun

Asian crisis takes its toll on state of human rights

MANILA, July 24: Overseas Chinese, other ethnic minori ties and migrant workers are under the gun as human rights violations take a turn for the worse amid Asia's worsening financial crisis, regional monitors said yesterday, reports

But the political upheavals sparked by crumbling curren cies have also brought a mea sure of "democratic space" and with its some hope that the situation could be set right, they

"There is a direct correla tion" between Asia's economic fortune and the state of civil rights in the region, said Donna Guest, a southeast Asia special sit for the London-based Amnesty International. "It's certainly true in Indonesia."

"Human rights conditions have gotten worse" in Thailand's "terribly overcrowded prisons many of them holding immigrant workers who have had to endure reduced food rations as the country pushed deeper into recession, she

Less foreign investment into Myanmar "could mean more forced labour and confiscation of rice by the military junta. Guest told a news conference on the sidelines of an association of Southeast Asian Nations (ASEAN) foreign ministers conference here.

Debbie Stothard, of the Bangkok-based alternative ASEAN network on Myanmar said the situation in Myanmar was "extremely urgent" with increasing signs that the junta was now "unable to feed its

Mugiyanto of the Jakartabased Kortas cited the wanton looting, burning and pares that preceded the downfall of Indonesian strongman Suharto, in which the ethnic Chinese community appeared to have been systematically targeted.

The shootings and kidnappings are "a systematic policy by the Indonesian government, he charged. The Kortas group has set up a commission to investigate the mysterious disappearances of at least a dozen dissidents shortly before Suharto was forced to resign.

He accused the government of actively channeling the protests to an "anti-Christian,

anti-Chinese bias" to prevent them from snowballing into one that could threaten the established political order of the world's most populous Muslem

They always look for scapegoats," said Agio Pereira, an exiled leader of the pro-independence rebellion in East Timor, the former Portuguese colony annexed by Indonesia in 1976. When the Chinese became targets they were just scapegoats."

The human rights monitors agreed that as the economic crisis deepens, the ethnic minorities and migrant workers could become targets.

"I think we're already seeing that in Malaysia," amnesty's guest said, expressing concern over the treatment of "guest workers" in its detention camps and "to a lesser degree in "Thailand where many workers are political refugees from Myanmar and Indochina threatened with deportation.

They have to feed their families, they have been starving, but the reason they were starving is that they were moved off their land by the military, their farms have been taken away, may be their children had been

Myanmar's crackdown on ethnic minorities have led to forced relocations and killings

of the shah and other peoples. She said she did not like the words "ethnic cleansing" to describe these policies, preferring to call it "target repression of ethnic minorities.

Amnesty and the other nongovernment ASEAN monitors praised moves within the organization to press members to criticise the actions of fellow members which have regional impact, but added that they were not doing enough.

Stothard urged ASEAN to consider at its Manila meeting a proposal for selective development aid to Myanmar linked to its holding dialogues with the opposition and convening its democratically elected parlia-

Pereira saw the change of government in Indonesia as an opportune time for ASEAN to push its largest member to hold a referendum to determine whether East Timor wanted independence or to become part of

Insurance coverage for sick Malaysian banks proposed

KUALA LUMPUR, July 24: Malaysia's National Economic Action Council has proposed that the government set up an insurance facility for bank failures to maintain stability in the financial system, says In a report on its economic

recovery plan unveiled Thursday, the council said the present economic crisis had raised concerns on the vulnerability of Malaysia's financial sector.

It said there were presently no insurance facilities for bank failures, which meant that depositors would have to wait until the bank has liquidated to get a fraction of their deposits. The council proposed that an

agency be established along the lines of the US federal deposit insurance corporation or the resolution trust corporation but "with modification to suit local needs."

"The main function of the agency might include ensuring or guaranteeing deposits of banks and other savings institutions, identify, monitor and address risks to deposit insurance funds and to take over bad loans and non-performing assets from sick banks and finan-

could be funded from the issuance of bonds and securitis-

of total assets may be considered," it added. The report projected total non-performing loans in the

action of assets. "Foreign equity

up to a maximum of 20 per cent

banking system to rise from nine per cent in March to around 16 per cent or 74 billion ringgit (1.8 billion dollars) by the year-end and surge to 20 per cent or 100 billion ringgit by

Council Executive Director and Special Functions Minister Daim Zainuddin told a news conference that an estimated 20 billion ringgit is needed to recapitalise local banks by the end of next year.

Malaysia will issue bonds and use its internal resources and liquidity reserves, which, he said, was sufficient to mop up the non-performing loans through the newly established asset management corporation.

The report also suggested that the government issue "20 billion ringgit worth of longterm bonds" to national corporations such as oil company Petronas, the employee provident fund and the insurance

But Daim said the government was not prepared to open up foreign ownership at local

Russian stocks continue to slide

MOSCOW, July 24: Russian stocks fell sharply for a third straight day amid heavy profittaking, with investors sceptical that the government has turned the corner on its financial crisis despite an IMF-led bailout,

traders said, reports AFP. Following the trend, the rouble fell by almost three kopecks against the dollar on Thursday as the equities selloff contaminated the bond market and pushed traders to

buy up the greenback. At 6:00 PM (1400 GMT) the Russian Trading System (RTS) index stood at 159,86 points, a fall of 7.2 per cent from Wednesday's close.

The slump, which set in on Tuesday, follows a strong market rally, fuelled by the IMF-led two-year 22.6 billion dollar bailout for Russia, in which stocks rebounded from twoyear lows to gain 40 per cent in

"We are seeing profit-taking by the local speculators," trader with Rinako Plus, Tom Brackenbury, said, "there is no real news to go on, so we haven't seen much institutional demand. I am not surprised that speculators are taking a little

Traders said a disappointing government bond auction on Wednesday was also putting pressure on the rouble.

"In Wednesday's auction, the government sold three-year bonds with a yield of 53.6 per cent raising just 3.3 billion dol-lars in rouble terms, while 8.6 billion dollars of government paper came due for redemption.

tra pressure on the central bank, which has been buying up roubles in an effort to save the Russian currency from a potentially economy-wrecking devaluation.

banks likely to merge

SINGAPORE, July 24: A merger is likely between Development Bank of Singapore Ltd and POSBank, as bank officials and the government called press conferences for later Fri-

day, analysts said, reports AP. A merger of the two-banks both already linked to the government, would benefit DBS, one of the island republic's 'big four banks, by improving DBS asset quality and capitalisation, analysts told Dow Jones

DBS shares on the Stock Exchange of Singapore were sus-

DBS has scheduled a press briefing at 0700 GMT Friday, and the Ministry of Finance has also called a press conference, to begin an hour earlier.

Lim Beng Eu, and analyst at Vickers Ballas, said such a merger would boost DBS' capitalisation, allowing it to realise its goal of becoming a major re-

with the necessary cash to expand in the region, he said, adding: "If DBS announces a merger, it will improve its position as Singapore's strongest and largest bank. Singapore's four major

sion last year for their regional exposure and are expected to make further provisions when they announce their half year Analysts said other possible

announcements that could be made by DBS are the acquisition of a small regional bank or a tie-up with a major foreign

Petron's jet fuel sale

MANILA, July 24: The labour unrest at Philippine Airlines has caused a drop in the sales of partly state-owned Petron Corp, a major jet fuel supplier for the airline, the company said Friday, reports

Petron lawyer Liberador Villegas reported to Philippine Stock Exchange that its sales to PAL dropped to 44,000 barrels a month, just a third of its normal delivery to the airline prior to a pilots' strike in June.

downsized Philippine Airlines' operations, the airline accounted for three per cent of Petron's sales.

off the 22 days, but the airline's ground crew walked out of their jobs Wednesday to protest PAL's retrenchment program. The strike, however, failed to cripple the airline's operations.

Villegas said that aside from reduced sales. Petron also can't collect on the 201.8 million pesos 46 million dollar the airline owed the oil company at the end of June.

tended by another two months the 30-day reprieve it gave the airline to pay its debts until it completes a plan to rehabilitate the company. The ground crew strike

seemed to have fizzled out. PAL management said domestic and international flights Friday were expected to be on schedule.

US commodity roundup: Silver futures rise sharply 48.35 cents a pound. Pork beldia, the largest consuming na CHICAGO, July 24: Silver fulies, which continue to show tion, dried up soon thereafter. tures prices rose sharply a fifth

gas energy

he said

day on Thursday on the New York Mercantile Exchange amid speculation investment and industrial demand for the metal is rapidly depleting available supplies, reports AP. On other markets, lean hog

KATHMANDU, July 24:

Nepal one of the world's poorest

countries, urgently needs to de-

velop renewable energy tech-

nology to save its dwindling

forests and boost development.

Despite being excellently po-

sitioned to take advantage of

hydro and solar power, the Hi-

malayan country is failing to

harness the potential of renew-

able energy, according to energy

energy sources could be prop-

erly utilized, it would tremen-

dously help alleviate poverty

apart from saving the country's

invaluable and depleting

Shrestha, said more than two

thirds of Nepal's energy needs

were met through wood burn-

tential of Nepal to generate a

staggering 83,000 megawatts of

electricity, it has so far tapped

only 250 megawatts of power

which is only one per cent of the

country's total energy poten-

Another expert, Jagnath

"Of the total hydro-power po-

forestry," Pradhan said.

"If these alternative forms of

experts say, reports AFP.

expert SB Pradhan.

and energy futures fell sharply. Silver investors continued to react bullishly from news that Comex warehouse stocks fell this week to 83.07 million ounces, down 801,364 ounces and the lowest level since stocks fell to 82.71 million ounces on December 7, 1982.

The declining stocks and sharp increases in the amount being charged to borrow silver to meet demand suggested renewed interest in the metal after months of decline, analysts

Silver prices have been on the general retreat since they reached a nine and a half year high in February, when billionaire Warren Buffett's Berkshire Hathaway investment company announced it had quietly snapped up nearly onefifth of the world's silver supply. Prices had reached 7.28 dollars an ounce and Berkshire had suggested they could go as high as nine dollars but jewelry-making demand from In-

Silver for September delivery rose 14.2 cents, or 2.5 per

cent, to 5.802 dollars an ounce. Lean hog futures plunged 2.5 per cent on the Chicago Mercantile Exchange as investors continued to digest reports of ample US supplies and disappointingly slow sales at supermarkets, most of which have not passed lower prices on to con-

Futures prices were pressured further after Thorn Apple Valley confirmed it will close its Detroit hog slaughtering operation by the end of the week because of the extremely slow demand and declining profit margins.

Pork prices have been depressed throughout the summer on weak demand and the largest US hog herd this spring in 18 Producers ramped up their stocks in anticipation of

greater demand from Asia, only to find economic troubles overseas depressing purchasing. Now they are being forced to slaughter mature animals at bargain-basement prices close to three and a half year lows. August hogs fell the daily two-cent limit before recover-

ing to finish down 1.25 cents at

pear completely in the next four to five decades.

new sources of energy supply. "We should not fully depend on the traditional energy resources but we should plan to

needed action towards generat Minister of State for Forests ing more renewable energy. and soil conservation Bhakta

> strong demand for processing into bacon, rose .92 cent for the August contract to 59.52 cents a Crude oil futures fell on the New York Mercantile Exchange, dragged lower on concern about

and heating oil products. US refiners, flush with cheap crude oil bought earlier this year when prices plunged to the lowest in decade, have been operating full-bore to produce unleaded gasoline and heating

Heating oil stockpiles

ample inventories of gasoline

jumped by 4.432 million barrels last week, an increase that promises to build into a surplus if winter heating demand is weaker than normal, as it was during the previous season. Gasoline inventories fell by nearly three million barrels, but the decline was not as sharp as expected given this is the middle of the peak summer driving period. .

Meanwhile, crude inventories jumped some six million barrels as the market continues to be burdened with excess oil despite promises from world producers to slash daily output.

Bahadur Rokaya told Parliament this week that 39 per cent of Nepal's land area was covered by forests, down from 55 per cent to 50 years ago. In that time the country's

million to 21.4 million now. Demographers and agronomists warn that if the government does not check rapid deforestation, the remaining woodland could disap-

population has soared from five

Special Secretary at the Ministry of Science and Technology Mohan Bahadur Karki emphasized the need to develop

tap solar and encourage bio-gas production to meet the public energy requirement," he said. Karki said he hoped the government-sponsored conference of energy experts in October would help Nepal to take much-

Nepal urgently needs to develop renewable energy tech: Experts

measures.

regime.

Mazda is still operating one more factory in Thailand in

Mazda is 33.4 per cent owned by Ford.

Thailand is in the midst of

cial institutions. The report said the agency

companies. banks.

bit of a profit."

"Yesterday, we saw dollar buying on proceeds from GKO (treasury bill) redemption," said Maxim Safonov, a fixed income trader with ING Bank "a significant amount of this money was converted into dollars because the Russian banks are looking for any dollar-buying opportu-

These shortfalls have put ex-

Two Singapore

Newswires.

pended from trading Friday

gional player. "It would provide DBS Bank

banks made substantial proviinterim results.

PAL strike cuts

Until the strike, which

The pilots' strike was called

On Friday, the Securities and Exchange Commission ex-