

## Aeronautical cos' business in Asia seen booming

BANGALORE, India, Dec 13: India's largest air show ended here Saturday amid hopes that business opportunities for aeronautical and armament firms will boom in Asia despite the economic turmoil, says AFP.

Aeronautical giants including Airbus, Boeing, British Aerospace, Dassault, Elop and Mig-Mapo were among 117 firms from 17 nations such as Britain, Canada, France, Israel, Russia and the United States that participated in the five-day Aero 98.

Several joint ventures announced here marked a new era for companies such as Boeing Co of the United States and ATR of France scoring Asia for a slice of the resurgent aviation and military market despite the economic crisis in the region.

Kuzmin Vladimir, Chairman of the Mig-Mapo group of Russian military industries, said collaboration between eastern and west European companies had "unveiled a new era of business opportunities in Asia."

"The opportunities can become a reality through partnerships in Asia," Vladimir said, while calling on India for collaboration between Russian firms and the state-owned Hindustan Aeronautics Ltd (HAL).

The joint ventures can work in the interests of third-party purchaser of Mig aircraft, India can become a supplier of arms to the region's countries," he said in reference to a new accord between India and Malaysia for the maintenance of Mig-29 fighter jet.

### Weekly US Stocks

## Dow Jones down 2.16pc

NEW YORK, Dec 13: In an indication of growing concern over the health of large American companies and uncertainty over the political future of President Bill Clinton, the Dow Jones Industrial Average fell over the week 2.16 per cent, reports AFP.

The blue chip index fell 194.38 points to 8,221.76, a 2.16 per cent drop after a fall of 3.4 per cent the week before.

With the exception of Monday, the Dow closed every day under the 9,000 mark that most analysts believed it would hold at before the end of the year.

At the opposite end, thanks to strong performances by technology and Internet stocks, the Nasdaq Composite Index rose 26.15 point over the week, finishing up 1.3 per cent at 20,293.31 points after having hit record levels on Monday and Wednesday.

Investors showed caution over new plans for mergers and acquisitions among big companies and were spooked by warnings about less than expected yearly corporate earnings.

Started a week earlier by Boeing's announcement that it would cut nearly 50,000 jobs in the next two years, investors did not react with real surprise that one of the suppliers of aviation giant Northrop Grumman was revising upwards its job cuts.

Lay-offs were also announced by automobile equipment supplier Lear, which is to close 18 plants around the world and by telecommunications firm MCI Worldcom.

The on going impeachment hearings against Clinton also left Wall Street troubled.

Along with continued political uncertainty, next week will be marked by the expiration on Friday of quarterly options on stocks, according to Ted Weisberg of Seaport Securities.

On the week drug stocks took a dive with Merck falling to 145-11/16 dollars on Friday compared with 157-3/4 a week earlier. Johnson and Johnson finished the week at 79-13/16 compared with 81-3/4 seven days ago and Bristol Myers was at 125-1/8 having fallen from 126-3/16.

### European airline industry Competition rules 'need reforms'

Consumers in Europe are not benefiting from competition in the airline industry, according to a report prepared by a House of Lords select committee.

The peers are now calling for a reform of the competition rules for air travel. Lord Geddes, chairman of the inquiry, said: "Competition in the airline industry needs to be reformed. At the moment powerful airline interests are winning at the expense of the consumer."

Traditionally, the airline industry has been protected differently from every other sector. For decades most European governments protected and supported national airlines, and only since the 1980s have these national carriers been privatised. Some, like Italy's Alitalia and Greece's Olympic, are still state-owned.

As a result air travel is highly regulated, and real competition is rare. Consumers pay the price.

Another problem are landing slots. At many airports the majority of landing slots is still held by the old national carriers regardless of whether they have been privatised or not. New competitors find it difficult to establish a presence on the market, as they are denied the more attractive slots by their old owners.

The Lords now say that the industry's special treatment can no longer be justified. They have identified one area which they believe is particularly harmful for competition - national ownership limitations.

In the European Union non-EU citizens can own only 49 per cent of an airline.

---BBC Internet

# Pak team visits India soon to finalise power-selling deal

By Muhammad Najeeb

ISLAMABAD, Dec 13: A delegation from Pakistan's Ministry of Water and Power is to visit New Delhi soon to finalise details of electricity export to India, according to official sources.

A committee comprising officials of the ministries of Power, Water, Finance and Foreign Affairs has already been constituted to work out modalities and prepare a feasibility study for export of surplus electricity to India, the officials told IANS.

Under a November 26 agreement signed here, Pakistan is to sell up to 2,000 megawatts of power to India. The Indian team's visit came in the wake of a meeting between Prime Minister Nawaz Sharif and his Indian counterpart Atal Behari Vajpayee in New York in

September. The two leaders had discussed export of electricity to India as Pakistan has surplus power while its neighbour is experiencing serious shortages in Punjab, Haryana and Rajasthan.

Pakistan's Additional Secretary of Water and Power Syed Ibrahim Shah and the Special Secretary of India's ministries of Water and Power, Hardeep Singh, had signed the agreement.

Further details are to be finalised in the New Delhi meeting, the schedule of which will be decided in the next few days, the officials said. The Pakistani delegation's trip is tentatively planned for late December or early January.

In November, "Pakistan agreed in principle to sell 2,000

MW of its surplus electricity to India from Punjab and Sindh sides," Shah told IANS. Under the agreement, 500 to 600 MW would be supplied in six months' time.

Initially, Shah said, 500 to 600 MW would go to India from Lahore as it involved minimum investment for Pakistan. He said India already has the infrastructure to receive electricity from Lahore. From Sindh province, transmission lines would have to be installed and other technical requirements met with, he said.

About hurdles in immediate power supply to India, Shah said the two countries had to examine the existing facilities, transmission lines, load capacity and connecting points. He said the Pakistani committee is studying the transmission line

up to the Indian border from Muzaffargarh where most of the private power plants are being set up.

The export of surplus power to India would help ease the financial crisis of Pakistan's power department. Shah pointed out, Wapda (Water and Power Development Authority) is buying electricity from private power producers at a very high cost and supplying it to consumers, particularly to domestic consumers, at a subsidised rate, he said. Due to the subsidy, Wapda was in a severe crisis, he said. The export of electricity would also help Wapda to allow private sector producers to increase their production capacity and reduce their tariffs, he added.

— India Abroad Service

## Pak foreign trade remains stagnated

ISLAMABAD, Dec 13: Pakistan's trade performance in the first five months of the 1998-99 fiscal year remained stagnant with both exports and imports plunging dramatically over the same period.

According to latest figures released by the Statistical Department, Pakistan's exports between July to November fell by 12.3 per cent while imports in that period dropped by 19.8 per cent over the same period in the previous year.

Economy analysts attribute this is part to the sanctions slapped on Pakistan after the May 28 nuclear tests. Before the tests, the economy had started showing signs of resilience, with single digit inflation and signs of robust growth in farm and industrial sectors.

However, the nuclear tests led to suspension of all World Bank and International Monetary Fund (IMF) programmes, creating serious difficulties on account of balance of payments. But official sources were

confident that with the balance of payments position will improve with the agreement with IMF. The trade deficit in the first five months of the current fiscal year stood at \$555 million, down from \$1.02 billion in the same period of 1997-98.

Exports are expected to improve in December when Pakistani raw cotton, rice and sugar enter the export arena. However, it would be difficult to reach the export target of ten billion dollars for the current fiscal year.

The import bill during the first five months of the current fiscal year amounted to \$3.63 billion as against \$4.52 billion spent in the same period of 1997-98, showing a decline of 19.8 per cent. Commenting on the trade performance, the sources pointed out that while the export performance was below expectation, this was accompanied by a fall in imports.

— India Abroad Service

## China to close 2,908 illegal coal mines by next yr

BEIJING, Dec 13: Shanxi province, China's top coal-producing region, will close 2,908 small-sized illegal coal mines by the end of next year to reduce a national oversupply of coal, an official newspaper said Sunday, reports AP.

Provincial officials at a recent meeting said closing the mines would reduce output by nearly 70 million tons, the Guannong Daily reported.

The central government has ordered the closure of small mines in order to halt the plunder of national resources, reduce pollution and help stem losses in the coal industry.

Many of these mines also have lax safety standards and high fatality rates due to accidents.

Nationwide, 25,800 small coal mines are supposed to close next year, bringing output down by 250 million tons, the Business Weekly reported Sunday. About 1 million more are expected to lose their jobs.

China's state-owned coal sector has reported large deficits so far this year due to an oversupply of coal.

## Primakov defends govt plans to print more rouble

MOSCOW, Dec 13: Defending the Russian government's plans to print more money in 1999, Prime Minister Yevgeny Primakov said paying workers on time is more important than propping up the rouble, a news report said Sunday, reports AP.

"It is unbelievable sometimes when I hear that the most important thing now is to strengthen the rouble, even by delaying pensions and wages in the budget sector," Primakov said in an interview with the ORT television station on Saturday, according to the ITAR-Tass news agency.

Primakov was defending the government's draft budget for 1999, which calls for printing and additional \$1.7 billion worth of roubles to cover part of a deficit equivalent to around \$5 billion. Some economists believe the government will print far more.

Before Russia's economic crisis hit in August, the rouble was trading at six to the dollar. It now stands at around 20 to the dollar, and is expected to continue falling. Russia faces mounting debts and falling expenditures next year, and many government officials say the only way out is to print more cash.

Russia's money supply has gone from about 160 billion roubles (\$8 billion) when the crisis struck to more 190 billion roubles (\$9.5 billion) Friday, according to government figures.

## Lucky 13 join £1m club

The number of top company bosses earning more than £1m a year has grown dramatically this year.

Fears of recession and falling company profits has done nothing to curb ballooning pay packets.

A survey by pay experts Monks Partnership found that 13 top executives joined the exclusive club of top earners, the highest number for three years.

Jan Leschly, the former Danish tennis star who runs drugs giant SmithKline Beecham, made £23.8m last year.

His pay dwarfs that of Sir Richard Sykes, head of rival Glaxo Wellcome. But Sykes still picked up a cool £1.7m.

Both drugs chiefs were awarded huge salaries despite the fact that they were blamed for failing to agree a merger between SmithKline and Glaxo. This would have created huge benefits for shareholders of the two groups. The executives clashed over how the combined group should be run.

British Telecom boss Sir Peter Bonfield, Sir Geoffrey Mulcahy, head of the Woolworths to B&Q retail group Kingfisher, and Sam Chisholm, the former head of BSKyB also feature in the list of top earners.

Sir Clive Thompson, head of rat-catchers group Rentokil Initial and chairman of the Confederation of British Industry, received £1.36m.

His large pay packet is particularly controversial as he campaigned against the minimum wage and Rentokil's employees are some of the worst paid among the UK's leading companies.

Dick Brown, chief executive of Cable & Wireless, made £1.06m, but he can look forward to even more money after announcing he is leaving the group to take up a lucrative post at a US computer group.

Victor Rice, controversial head of car parts group LucasVarity, received £1.2m, despite being embroiled in an embarrassing row with shareholders over plans to move the company to the US.

Disgruntled shareholders recently defeated the attempt to move the company, claiming Rice was seeking even more money by switching to a US-style salary.

Chairman and chief executive remain the best paid posts in the UK. However, technical and research directors have overtaken the finance directors as the top scales as companies concentrate on innovation, according to the survey.

Those aspiring executives looking for a large salary should concentrate on business services, leisure and publishing companies which offer the best-paid positions.

---BBC Internet



Communications Minister Anwar Hossain inaugurating a three-day International Seminar on "railway wagon information control system" jointly organised by UNCTAD and ESCAP at a city hotel yesterday.

## US busts Chinese alien smuggling racket

By Aziz Haniffa

WASHINGTON, Dec 13: Three weeks after smashing an alien smuggling ring operated by Indians, US immigration officials have broken a similar racket run by Chinese who brought in 3,600 Chinese citizens across the Canadian borders into this country.

Thirty-five people were charged in the operation that investigators said made \$170 million in two years by bringing in 3,600 Chinese. Immigration officials called it the biggest immigration smuggling ring ever dismantled on the northern US border. They said the Chinese paid up to \$47,000 each to reach their ultimate destination -- New York City's Chinatown.

The Indian-run operation, the Immigration and Naturalisation Service (INS) said, netted the operators about \$220 million over three years and the Indian citizens had paid up to \$200,000 each to be smuggled to the US through a circuitous route that took them to Moscow, Havana (Cuba) and then to Miami in Florida.

The INS said 10 of the 35 alleged smugglers running the Chinese operation were arrested in Canada, where they face up to 10 years in jail if convicted of conspiracy to evade US laws. The rest are in custody in New York and could face 10-year sentences. Authorities are still searching for 12 more alleged ring members.

The smugglers, the INS said, used altered passports to get the immigrants, who were from the Fujian Province in China, onto flights to Canada. Once in Canada, they were turned over to Chinese smugglers known as

"snakeheads" and then transported from safehouses to Cornwall, Ontario, and crossed the St. Lawrence River to the St. Regis Mohawk Indian reservation in upstate New York before heading to New York City.

The INS said that while the Indians smuggled about 300 Indian nationals per month, the Chinese operation smuggled 100 to 150 per month.

Attorney General Janet Reno said the investigation, known as "Operation Over the Rainbow II," was the "largest global alien smuggling case on the northern border" and "stands as a testament to teamwork." She declared, "It proves that, through cooperation and coordination, we can extend the long arm of the law so that there are no safe havens for those who seek to profit from human misery and desperation."

INS Commissioner Doris Meissner said, "In combination with Operation Seek and Keep (the Indian-run smuggling operation), the largest alien smuggling organisation dismantled in US history," the breakup of the Chinese operation, showed that the INS "is demonstrating the ability and resolve to fight alien traffickers wherever they are."

The INS has, meanwhile, issued new guidelines that make it easier for children to file political asylum claims. The guidelines recognise that children under the age of 18 may experience persecution differently from adults and may not present testimony with the same degree of precision as older persons.

— India Abroad News Service

## Germany wants reform in EU finances, not rebate

LEIPZIG, Dec 13: German Foreign Minister Joschka Fischer said that while Germany wanted a reform of European Union finances, it was not after a rebate similar to that secured by Britain, reports Reuters.

"This is not Maggie Thatcher, we want our money back. That's rubbish," he told journalists at a congress of his Greens Party in the eastern city of Leipzig.

Former British Prime Minister Margaret Thatcher won Britain and annual two billion pound (\$3.3 billion dollars) rebate in 1984.

Fischer said the current debate was not so much about how much Germany, the largest contributor to EU funds, paid in, but about the high costs of the EU budget, particularly in agricultural spending.

Germany pays some 22 billion marks (\$13 billion dollars) a year more into Brussels than it received in subsidies.

Fischer earlier attended an EU summit in Vienna, which reaffirmed commitments to concluding the so-called Agenda 200 package of EU financing and farm spending reforms.

Germany is one of the several wealthy northern European countries which want to reduce net contributions to the 100 billion dollars EU budget while the poorer southern countries refuse to accept cuts in the subsidies they get from Brussels.

Chancellor Gerhard Schroeder said last week EU budget reform was one of Germany's main priorities for its presidency of the bloc in the first half of next year.

## Price-boosting bid S Arabia for giving output cuts more time

CAIRO, Dec 13: OPEC giant Saudi Arabia urged besieged oil markets on Saturday to give production cuts more time to reach collapsed prices, reports Reuters.

"If (the market) did not have a chance for us to judge whether (the cuts) were enough or not," said Saudi Oil Minister Ali Al-Naimi.

He was speaking to reporters on the sidelines of an Organisation of Arab Petroleum Exporting Countries (OAPEC) meeting in Cairo that put deteriorating oil prices on its agenda.

The Saudi appeal for market patience came hours before an announcement that officials from the three architects of the output cuts - Saudi Arabia, Venezuela and Mexico - would meet next week in Madrid for oil talks.

Venezuela's President-elect, Hugo Chavez, made the announcement and reiterated his government would respect existing oil production cuts that last until mid-1999.

Venezuelan policy is crucial because without agreement from Caracas its rivals for the vast US market - non-OPEC member Mexico and OPEC kingpin Saudi Arabia - are unlikely to make bigger supply cuts.

Mexico, Venezuela and Saudi Arabia masterminded the series of oil output cuts.

Research group Social and Community Planning Research

---BBC Internet



Mahbubur Rahman Khan, MD of Sonali Bank, awarded certificates to the newly-recruited officers on completion of their foundation course at a function held at BCIC auditorium in the city yesterday. Mohammed Hossain, Sk Aminuddin Ahmed and Md Nurul Huda, GMS, are seen with him.

# Multinationals have to conform to govt plans: BJP official

By K S Nayar

have to work hard within the market and earn profits," he said.

The Harvard-educated Guruswamy sought to allay fears of the right-wing Hindu nationalist camp seeking to reverse the economic reforms programme begun in 1991, saying they were not dictating terms and said liberalisation did not mean allowing only fast food outlets to come into this country.

He said the strident voice against multinational companies frequently raised by the Rashtriya Swayamsevak Sangh (RSS) and its affiliate, the Swadeshi Jagran Manch (SJM), over the government's economic programmes only reflected the strength of the BJP's inner-party democracy.

He denied the bureaucracy was exploiting the party's lack of experience in running the government and sabotaging its economic programmes. But he felt there was a need to induct in the government professionals from industry and the academia to manage the reforms.

Guruswamy admitted the bureaucracy is "slow and lax on everything." Explaining his stand that the bureaucracy has become a state within a state, he said it accounts for over Rs. 280 billion (\$6.66 billion) of the Rs. 2,000 billion (\$47.6 billion) national budget.

"It is extremely well provided for. And they do not want to part with controls. The bureaucracy is a counter-balancing force to the political leadership."

In the last ten years there was collusion between the industrialist and the bureaucracy which resulted in the capital expenditure as part of the gross national product (GNP) to drop by half in the last one decade. "It is only 3.2 per cent," he explained.

"The capital expenditure on agriculture and irrigation has come down from 0.96 to 0.66 of GNP. What kind of a country is this? In India 70 per cent of the population depends on agriculture, 43 per cent of GNP comes from agriculture and yet we only spend 0.66 per cent of our GNP on this sector," Guruswamy said. This distortion should stop, he said.

He said till now opportunities and benefits were being cornered by a few who made the industry. Industrial workers have become a power unto themselves. They work 50 days less than their counterparts in the rest of the world. Nowhere in the world do you have the concept of compulsory overtime. The country has legitimised such a system by administrative fiat."

Guruswamy said there are seven public sector companies today whose salary bills exceed their turnover. The aggregate loss of public sector companies in the last ten years is Rs. 2,000 billion. "This has been at the cost of somebody else. This somebody else is not organised, not articulate. They are poor and live in villages. Nobody had cared for them," he said.

He said the country had been protecting people who refused to be productive. They keep their stranglehold on the business and economy. "Earlier governments encouraged creation of monopoly," he said and cited the case of the banking sector.

"Indian banks have the highest interest spread in the world: about seven to eight per cent, compulsory overtime and automatic promotions, different kinds of allowances. They have low productivity and customer service and above all corruption. Very few bank loans get sanctioned without money changing hands," Guruswamy charged.

The BJP government plans to address this situation by introducing competition and break the banking monopoly that the 19 nationalised banks are as one entity. They have a common banking recruiting services board, they have a common promotion pool. You have to have internal succession plan. I don't think the government should choose the banks' management people," he said.

He said many people in the country do not have a clear idea what liberalisation meant and most believe that it meant allowing multinational companies to come to the country in the fast food sector. "That was what the previous governments had done. This was crony capitalism," Guruswamy said.

"True liberalisation means

the government gets out of the hair of the people. We have to give the community, the village and towns their power. Let them participate in the investment decision-making process. For that to happen there is a need for radical decentralisation of the society. We also need to have specialists in the bureaucracy. We need to induct more people into the bureaucracy from the academia and industry," he argued.

He said the earlier system of control over markets and investment created black money. "Today Indians living in India are supposed to have \$500 billion outside the country. They are the top industrialists, top politicians, bureaucrats etc.," he alleged.

He also denied that the government is unstable. "Parliament is here, the courts are here, the military is here, a permanent bureaucracy is here. Everything is in place. The politicians may change. The constitution does not change. So what instability are you talking about?"

He added, "We have broad agreement among several political parties on liberalisation and what should be done for the continuity of reform policies. As we are all committed to democracy there could be differences in perception, differences in approach. We have differences in managing the reforms. But by and large everyone is committed to broad democratic goals."

— India Abroad News Service