

Business Standard report says Indian gold imports up 32pc in 1st quarter

NEW DELHI, Aug 9: Indian gold imports shot up by 32 per cent to 187 tonnes in the first quarter of the financial year to March 2000, the Business Standard reported today, reports AFP.

Officials from the central Reserve Bank of India told the financial daily that growing imports would further strain India's balance-of-payment problems.

"The latest turn of events could put pressure ... especially in a year in which the government is anticipating additional outflows of foreign exchange on account of hardening crude oil prices," said a central bank official.

India has a huge appetite for gold but its production of the precious metal is negligible, making a big dent in the country's foreign exchange reserves.

Gold imports in 1998 grew by 11 per cent from the previous year to 815 tonnes, resulting in a seven-billion-dollar outflow and setting alarm bells ringing in government corridors.

In January this year, the government increased customs

duty on gold imports by 60 per cent to stem the Indian craze for bullion.

Finance Minister Yashwant Sinha has said the real challenge exists in releasing existing gold stockpiles.

In his budget, Sinha announced plans for a gold bond deposit scheme, which his ministry hopes will generate 1.2 billion dollars by March 2000.

The scheme, to be launched in October-November, allows banks to accept gold deposits and issue interest-bearing certificates or bonds which on maturity can be reclaimed in gold.

It is aimed at tapping 15 per cent of India's estimated 9,000 tonne gold hoard held in the form of ingots.

Despite Sinha's initiative, Indians are still buying the precious metal as a speculative investment.

"Gold imports peaked in June as international gold prices were depressed. Speculators saw this as a signal to buy," said analyst Rajan Sethi of Religold Securities.

Asia leads way for global economic recovery

LONDON, Aug 9: The outlook for the world economy is improving and Asia is leading the way as the region's recovery from the crises of 1997 and 1998 accelerates, the Economist Intelligence Unit said today, reports Reuters.

However, despite optimism

on the global economy, it is needed and that the rapid recovery in Asia could even prolong some of the deep seated problems in the region's economies.

Reforms, both of the banking sector and the corporate sector, are proceeding slowly — and are likely to become even more difficult to implement as the recovery consolidates and the political imperative to reform fades, Bew said.

China, which is suffering from a drop in stellar growth rates, may face significant problems if domestic demand and exports do not accelerate and could face a currency devaluation.

The EUU forecasted that the Asia-Pacific economy will grow by 2.3 per cent in 1999, accelerating to 3.3 per cent in 2000, "Robin Bew, chief economist at the EIU said in a report.

The report notes however

that Asia's Tiger economies, whose roars were silenced in a financial crisis which began with a devaluation of the Thai baht in 1997, are unlikely to resume their pre-crash growth levels any time soon.

It is looking for 3.9 per cent growth in the US this year, slowing to 2.7 per cent next and 1.7 per cent in 2001.

The EUU is worried that the "Goldilocks Economy", which boasts strong growth combined with low inflation, may see a pickup in prices and that the Federal Reserve will be forced into action.

"We expect more rate rises this year, and this will lead to a slowdown in 2000 and 2001 — partly based on the likely impact of higher interest rates on equity prices," the EUU said.

The Federal Reserve raised interest rates by a quarter of a point on June 30 and the central bank's policy makers meet again on August 24.

Elsewhere, the EUU said it

was wary of a nascent recovery in Japan, which has an official growth target of 0.5 per cent in the 12 months to March 31. It said the deep recession of 1998 is almost certainly over.

"However, an end to unbridled contraction is not the same as a robust recovery," the EUU said.

In Europe, including East Europe, growth will remain slow in 1999, the EUU said, with just 1.9 per cent growth this year compared with 2.8 per cent in 1998.

Germany, the eurozone's largest economy, remains vulnerable, as does Italy, the EUU said.

The weakness of the euro, the recovery in Asia, and rising employment should allow a gradual recovery in the second half of this year and into 2000, but a dramatic pickup looks unlikely, given the lack of support from fiscal policy in Germany and Italy," Bew said.

FAO sees severe food emergencies in Africa

ROME, Aug 9: Fighting, population displacement, drought and disease have wrought "exceptional food emergencies" in 16 African countries, the United Nations said today, reports Reuters.

Angola, Burundi, Congo Republic, the Democratic Republic of the Congo (DR Congo), Eritrea, Ethiopia, Guinea-Bissau, Kenya, Liberia, Mauritania, Rwanda, Sierra Leone, Somalia, Sudan, Tanzania and Uganda are all in dire need, the UN Food and Agriculture Organisation (FAO) said in an annual report on the food supply situation and crop prospects in sub-Saharan Africa.

Burkina Faso, Gambia, Niger, Senegal and Zambia, which were on FAO's 1998 list of 18 emergency-hit states, were missing this year, replaced by newcomers Congo Republic, Kenya and Tanzania.

Ten of the countries on the most at-risk roll were beset by civil strife, and population displacement was a cause of the severe food emergency in six states, FAO said.

"The food supply situation has deteriorated in several parts of eastern Africa," the report said, naming Somalia as a particularly worrying example.

"In Somalia the food outlook for 1999 and beyond is extremely grim, due to the cumulative effects of adverse weather, the long-running civil war and uncontrolled crop pests and diseases," the Rome-based agency said.

More than one million people in Somalia were estimated to be facing serious food shortages, with over 400,000 at risk

of starvation.

In Ethiopia, the failure of the "Belg" short rains had magnified food shortages and more than five million people were officially estimated to be in need of emergency food assistance.

Eritrea had a good 1998 harvest but families displaced by the war and those deported from Ethiopia suffered "very tight" food situations, FAO said.

Southern Sudan enjoyed favourable growing conditions but persistent civil conflict meant the food situation continued to be difficult.

In Southern Africa, Angola was in especially dire straits as civil war displaced thousands of people from their homes. Despite average to above-average rainfall and fair planting levels, abandonment of fields had significantly cut yields.

Conflict was also taking its toll in the Great Lakes region. The food supply situation in the DRC remained precarious thanks to persistent insecurity and population displacement, while renewed fighting in Congo Republic had had grave food effects.

Food production activities were disrupted in Burundi and Rwanda by insecurity in parts, while inadequate rainfall and armyworm infestation affected newly-harvested crops.

Western Africa was a rare bright spot.

In western Africa, crop prospects are generally favourable so far, notably in the Sahel, and the food situation is expected to remain satisfactory until the next harvest.

"Overall, investors favoured a weaker yen," said Masaaki Higashida.

Investors in Tokyo were also mindful of the potential harm higher rates could have on US stock and bond prices, but welcomed a weaker yen against the dollar to see the key Nikkei-225 index up 106.21 points, or 0.6 per cent, to 17,190.45.

Dealers said many investors were reluctant to build fresh trading positions ahead of the Federal Open Market Committee meeting later this month.

"Overall, investors favoured a weaker yen," said Masaaki Higashida.

Turnover was light with an estimated 315 million shares changing hands on Tokyo's first section against Friday's 463.4 million.

US rate hike fears return to haunt Asian bourses

HONG KONG: Hong Kong share prices dropped 1.7 per cent to below the 13,000-point level

many investors were sidelined ahead of Tuesday's expected release of the Thai government's latest stimulus package, widely tipped to contain tax breaks for foreign investment.

The benchmark Stock Exchange of Thailand index shed 3.59 points to 433.45, off a low of 422.28.

JAKARTA: Indonesian share prices closed 2.2 per cent down but off their lows on persistent worries over a possible US interest rate hike, dealers said.

An analyst with Harita Kenanga Securities said the market fell sharply on Friday's news of buoyant growth in US employment, which he said signalled the way ahead when the US Federal Reserve convenes on August 24.

MANILA: Philippine share prices fell 1.9 per cent, weighed down by a volatile peso and fears of a possible rate increase in the United States, brokers said.

The peso's weak opening Monday was "a contributory factor" in the market's performance, said Oliver Plana, of Asiacore Equities.

The Philippine Stock Exchange composite index dropped 43.34 points to close at 2,976.9.

KUALA LUMPUR: Malaysian share prices plunged 5.0 per cent on sustained foreign programme and retail selling amid disappointment over merger partners for local banks announced last week, dealers said.

The sharp decline came despite the central bank's move to cut its intervention rate from 6.0 per cent to 5.5 per cent in the early afternoon.

After plummeting to a low of 667.56 points, the Kuala Lumpur Stock Exchange index ended at 668.21 points, down 34.88 points.

BANGKOK: Thai share prices slipped 0.8 per cent on fears of higher US interest rates and a possible devaluation of the

baht.

The Korea Stock Exchange index closed up 10.71 points at 948.97.

Germany to lift ban on British beef

BONN, Aug 9: Germany will comply with European Union law and — in its own time — lift an import ban on British beef despite reservations about mad cow disease, a spokeswoman for the German Agriculture Ministry said today, reports Reuters.

"This is European law and it will be incorporated into German law," she said. "The beef import ban will be lifted. This is what we have been saying. This is not a new position."

Agriculture Minister Karl-Heinz Funke told N-TV television at the weekend that Germany should not defy the EU and warned it would face legal action if it maintained its embargo.

Repeating a standing position following the EU ruling to lift the ban from August 1, his spokeswoman said imports to Germany would nonetheless have to wait for a vote in the upper house of parliament, which does not sit again until next month.

Until then, German laws banning the sale of British beef remain in force. The health minister has said she wants to use the delay to discuss further safeguards for consumers in the meantime before such meat is finally allowed back into Germany.

British beef was banned from the rest of the EU three years ago after cases of mad cow disease, which scientists feared could be transmitted in some form to humans, were reported.

The Phillipine Stock Exchange composite index dropped 43.34 points to close at 2,976.9.

SEOUL: South Korean share prices rose 1.1 per cent, led by semiconductor and financial stocks on bargain-hunting by local investors, dealers said.

The Korean Stock Exchange index closed up 10.71 points at 948.97.

GERMANS DRINK LESS BEER BUT EXPORT MORE TO EU

WIESBADEN, Germany, Aug 9: Germans are drinking less, but exporting more beer to the EU, data published by the Federal Statistics Office today showed, reports AFP.

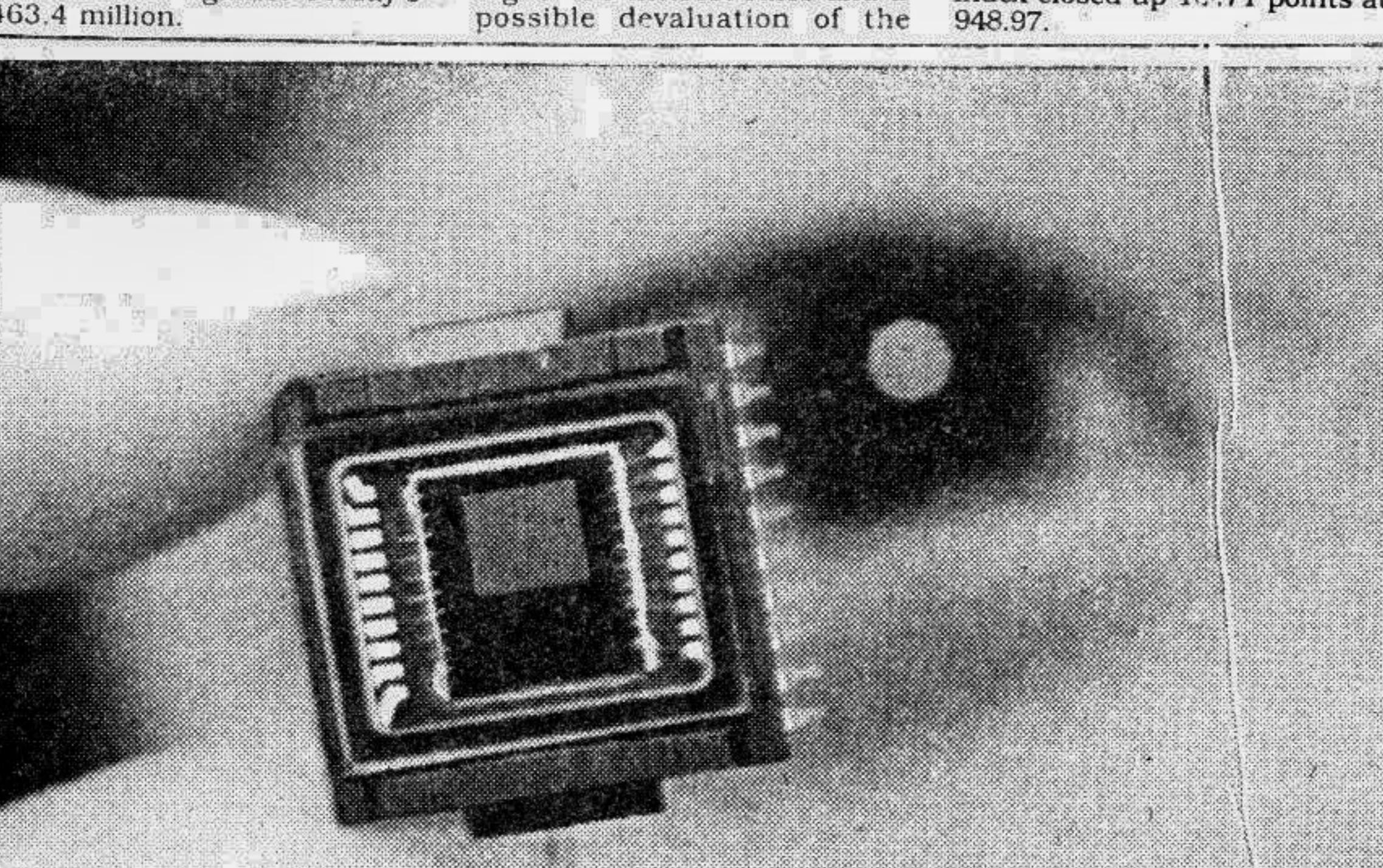
German breweries sold a total of 53.3 million hectolitres of beer in the first six months of the current year, 1.4 million hectolitres or 2.6 per cent less than in the corresponding period of 1998.

A total of 48.7 million hectolitres were sold within Germany, 2.5 per cent less than a year earlier. But exports to European Union countries rose by 5.1 per cent to 3.2 million hectolitres.

Exports to countries outside the EU slumped by 20.2 per cent to 1.2 million hectolitres.

Within Germany, the state of North Rhine-Westphalia was the biggest consumer of beer, accounting for 14.8 million hectolitres or 27.7 per cent of total beer sales, followed by Bavaria with 10.9 million hectolitres and 20.4 per cent.

Japan's Mitsubishi Electric unveils the world's first color Artificial Retina LSI M64270P to apply for the eyes of various kinds of electronic devices, at the company's headquarters in Tokyo Monday. — AFP photo



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Inept, corrupt govts fling region into worsening poverty S Pacific becomes a paradise lost

AUCKLAND, Aug 9: The South Pacific is becoming paradise lost as a succession of inept and often corrupt governments leave a growing legacy of worsening poverty and growing crime and unrest, reports AFP.

In recent months countries as diverse as Papua New Guinea (PNG) and the Cook Islands have staggered to the edge of bankruptcy, the economy of the Solomon Islands has collapsed as racial unrest grows, and in Samoa a cabinet minister has been assassinated in an apparently corruption linked drama.

The scale of the upheavals can be measured in the 16-nation South Pacific Forum, which holds an annual summit. When they meet in October this year in Palau, half of the leaders will be new to their jobs.

The recent United Nations "Pacific Human Development Report" noted many Pacific countries were slipping down its "human development index." Although diplomatic in its wording, the UN report points clearly to the source of potential improvement.

"The poverty of opportunity

exists in the Pacific is not an inevitable aspect of our lives," the report says.

All forms of poverty can fade with the determined application of political will and community action."

The latest issue of the Suva-based Island Business monthly noted Pacific Islanders were dealing themselves over the constant portrayal by themselves and outsiders as paradise.

Poverty, disease, putrid sewage, foul water, unemployment, suicide, over-population, malnutrition, illiteracy; all these to various degrees, are the bald, bad facts of life in the Pacific Islands as it really is," the magazine said in an editorial.

"In Suva, there is also the steadily rising number of beggars and prostitutes of both sexes. There are hotels in Nuku'alofa, Port Vila, Honiara and Apia, while in scores of small islands inaccessible to all but the most intrepid traveller, life which always has been difficult, is becoming of worsening quality...."

The headline dramas in the

PNG, the region's largest island state and ranked 164th on the index, has just had another messy change of government when Prime Minister Bill Skate stepped down and economist Sir Mekere Morauta took over.

Skate had tried to bail out his troubled economy by giving diplomatic recognition to Taiwan rather than China.

The Cook Islands, at 62 on the index and one of the better off countries in the region, is dealing with political uproar after the country last week found itself with Joseph Williams as prime minister — an MP representing overseas Cook Islanders.

His appointment is the result of the country reaching the point of bankruptcy. Thousands of government workers have been fired and the population has plummeted from 22,400 at the end of 1995 to just 16,600 today as thousands took advantage of their New Zealand passport.

For many Pacific Islanders

the new paradise is in the suburbs of Auckland and Sydney.

Exchange Rates

Following are yesterday's Standard Chartered Bank rates of major currencies against the US dollar. Central Bank/US dollar rate: Buying - BDT 49.35/Selling - BDT 49.65

Selling TT/OD BDT TT/OD Sight Doc TT/OD SIGHT TT/OD Transfer

TT/OD BDT TT/OD SIGHT TT/OD SIGHT TT/OD Transfer

49.7300 49.7700 USD 49.3200 49.1566 49.0707

0.4430 0.4434 JPY 0.4167 0.4153 0.4146

33.5198 33.5468 CHF 32.8734 32.7645 32.6420

30.5467 30.5713 SGD 28.8421 28.7465 28.6963